

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Abraham &amp; Alfrey, P.C.</i>			Date <i>John R. K.</i>	

**Barry County, Michigan**  
**FINANCIAL STATEMENTS**  
**December 31, 2004**

Barry County, Michigan

December 31, 2004

BOARD OF COMMISSIONERS

Jeffrey MacKenzie	Chairperson
Sandra James	Vice Chairperson
Kenneth Neil	Commissioner
James French	Commissioner
Wayne Adams	Commissioner
Clare Tripp	Commissioner
Thomas Wing	Commissioner
Donald Nevins	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Michael Brown	Administrator
Susan VandeCar	Treasurer
Debbie Smith	Clerk
Darla Burghdoff	Register of Deeds
Tom Doyle	Drain Commissioner
Gordon Shane McNeill	Prosecuting Attorney
Stephen DeBoer	Sheriff
Stephanie Fekkes	Probate Court Judge
Gary Holman	District Court Judge
James Fisher	Circuit Court Judge

Barry County, Michigan

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Barry County, Michigan

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Principals

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Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA

Karen A. Roka, CPA  
James A. Huguelet, CPA  
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William I. Tucker IV, CPA  
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

Member:  
American Institute of  
Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Barry County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barry County Road Commission or the Barry County Medical Care Facility (Thornapple Manor). The Barry County Road Commission represents 68% and 88%, respectively of the total assets and revenues of the component units. Thornapple Manor represents 55% and 88%, respectively of the total assets and revenues of the enterprise funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility is based solely on the reports of the other auditors.

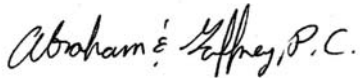
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the audits of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2005 on our consideration of Barry County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barry County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 24, 2005

# Barry County

## Management's Discussion and Analysis

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### Management's Discussion and Analysis

As management of the County of Barry, Michigan (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2004. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page i of this report, and with the County's financial statements, which follow this section.

Certain limited financial information is presented with respect to the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), Barry County Substance Abuse, and the Barry County Transit in the Management Discussion and Analysis. The reader should refer to those entities separately issued financial statements for more detailed information.

### Financial Highlights

#### Government-wide:

- Total net assets were \$34,331,627 (excluding discretely presented component units).
- Governmental activities net assets were \$21,607,874.
- Business-type activity net assets were \$12,723,753.
- Discretely presented component unit net assets were \$27,813,744.

#### Fund Level:

- At the close of the year, the County's governmental funds reported a combined ending fund balance of \$8,741,995 with \$378,215 being reserved, designated, or otherwise earmarked for specific purposes.
- The General Fund realized \$184,649 less in revenues and other financing sources than anticipated for the fiscal year. Additionally, General Fund operations also expended \$46,522 more than appropriated.
- Overall, the General Fund balance was unchanged with \$2,074,092 undesignated or available for general purposes.

#### Capital and Long-term Debt Activities:

- The total long-term debt for the primary government was \$7,963,901 with a net reduction of \$531,233 from the prior year.
- The Board of Public Works issued \$4,665,000 in Refunding Bonds during the year and \$446,090 was drawn on the Water Supply System Bonds dated June 26, 2003 in the current year.
- The total long-term debt for the component units (Drainage Districts, Airport, and Board of Public Works only) was \$9,031,850 with a net reduction of \$679,873 from the prior year.
- The long-term debt for the Road Commission was \$248,059.
- The County remains well below its authorized legal debt limit.
- The total addition to the capital asset schedule for the primary government was \$874,699.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's annual financial report. The annual financial report of the County consists of the following components: 1) Independent Auditors Report, 2) Management's Discussion and Analysis, and 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and Other Supplementary Information including combining financial statements for all nonmajor governmental funds and proprietary funds.



# Barry County

## Management's Discussion and Analysis

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### Government-wide Financial Statements (Reporting the County as a Whole)

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 1) presents all of the County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the County's net assets changed during 2004. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other County-wide elected official operations are reported under these activities. This also includes the special revenue funds such as the Commission on Aging and Friend of the Court Funds.
- **Business-type Activities** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. Thornapple Manor and the Delinquent Tax Funds are examples of these activities.
- **Discretely Presented Component Units** - Discretely Presented Component Units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as discretely presented component units: the Barry County Board of Public Works, the Barry County Road Commission, the Airport, Barry County Economic Development, and the Drainage Districts.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period, expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as bonded debt, notes, and reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.

# Barry County

## Management's Discussion and Analysis

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- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

### **Fund Financial Statements (Reporting the County's Major Funds)**

The fund financial statements, which begin on page 3, provide information on the County's significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Commission on Aging and Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the internal services funds (e.g., Fringe Benefits) as well as enterprise funds such as Thornapple Manor and the Delinquent Tax Funds.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for Barry County include the General Fund, the Central Dispatch Fund, the Revenue Sharing Reserve Fund, the Delinquent Tax Umbrella Fund, the Delinquent Tax Revolving 2003, and Thornapple Manor. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its nonmajor funds in other supplementary sections of this report.

The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

**Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds*, *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

**Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is Thornapple Manor. *Internal Service funds* report activities that provide supplies or service to the County's other operations, such as the Fringe Benefits Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

**Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 17 and 18. These funds, which include trust and agency funds and the Library (Penal Fines) Fund, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

# Barry County

## Management's Discussion and Analysis

**Notes to the Financial Statements** - The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found on pages 22-56 of this report.

**Required Supplementary Information** - Following the Basic Financial Statements is additional Required Supplementary Information (RSI). The purpose of the RSI is to explain and support the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major special revenue funds.

**Other Supplementary Information** - Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Barry County's combined net assets were \$34,331,627 at the end of this fiscal year's operations. The net assets of the governmental activities were \$21,607,874; the business-type activities were \$12,723,753.

#### Net Assets as of December 31, 2004

##### Barry County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
<b>Assets</b>						
Current assets	\$ 19,592,921	\$ 14,996,018	\$ 9,101,675	\$ 7,701,629	\$ 28,694,596	\$ 22,697,347
Noncurrent assets	14,317,382	19,509,570	8,015,231	10,777,928	22,332,613	30,287,498
Total assets	33,910,303	34,505,588	17,116,906	18,479,557	51,027,209	52,984,845
<b>Liabilities</b>						
Current	11,573,433	8,862,282	3,771,175	3,780,504	15,344,608	12,642,786
Noncurrent	4,492,593	4,035,432	2,100,000	1,975,000	6,592,593	6,010,432
Total liabilities	16,066,026	12,897,714	5,871,175	5,755,504	21,937,201	18,653,218
<b>Net Assets</b>						
Invested in capital assets - net of related debt	9,628,007	8,425,500	1,935,523	1,981,746	11,563,530	10,407,246
Restricted	5,623,643	8,486,671	4,015,574	4,532,534	9,639,217	13,019,205
Unrestricted	2,592,627	4,695,703	5,294,634	6,209,473	7,887,261	10,905,176
Total net assets	<u>\$ 17,844,277</u>	<u>\$ 21,607,874</u>	<u>\$ 11,245,731</u>	<u>\$ 12,723,753</u>	<u>\$ 29,090,008</u>	<u>\$ 34,331,627</u>

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of Barry County, assets exceeded liabilities in the governmental activities by approximately \$21.6 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled \$17.8 million, even when considering that the creation of the new Revenue Sharing Reserve fund (described in detail under the section headed "Financial Analysis of the Government's Funds") explains \$2.1 million of this increase.

The County's net assets in the governmental activities include approximately \$8.4 million capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately \$8.5 million. The remaining balance of unrestricted net assets (\$4.7 million or 21.7 percent) may be used to meet the government's ongoing obligations.

## Barry County Management's Discussion and Analysis

Comparing the amounts reported for 2004 to the prior year, the significant reduction in current liabilities reflects the phase-in of the Revenue Sharing Reserve Fund. With the implementation of this program, approximately \$2.8 million from the 2004 property tax levy that would have previously been offset by a "deferred revenue" liability (because it was not available until the subsequent year's budget), is now recognized in 2004 as revenue in the Revenue Sharing Reserve Fund. In 2004, therefore, there is no offsetting deferred revenue liability associated with this amount as there was in the prior year.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the year:

### Changes in Net Assets for the Year Ended December 31, 2004

#### Barry County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 3,605,377	\$ 3,401,344	\$ 9,118,127	\$ 9,234,878	\$12,723,504	\$ 12,636,222
Operating grants and contributions	3,291,362	3,714,827	173,749	272,797	3,465,111	3,987,624
Capital grants and contributions	156,741	119,778	-	-	156,741	119,778
General revenues:						
Property taxes	7,985,126	12,563,474	1,081,434	1,142,882	9,066,560	13,706,356
State Revenue Sharing	1,242,264	337,853	721,817	445,367	1,964,081	783,220
Investment earnings	146,642	179,419	239,409	170,444	386,051	349,863
Miscellaneous	145,441	223,979	352,598	426,289	498,039	650,268
Transfers	1,980,886	79,724	( 1,908,462 )	( 140,000 )	72,424	( 60,276 )
Total revenues	18,553,839	20,620,398	9,778,672	11,552,657	28,332,511	32,173,055
<b>Expenses</b>						
General government	6,778,523	6,924,408	-	-	6,778,523	6,924,408
Public safety	5,266,503	5,522,581	-	-	5,266,503	5,522,581
Public works	81,544	136,765	-	-	81,544	136,765
Health and welfare	3,281,311	3,217,778	-	-	3,281,311	3,217,778
Community and Economic						
Development	209,449	289,962	-	-	209,449	289,962
Recreation and Cultural	513,853	512,427	-	-	513,853	512,427
Other	234,022	147,590	9,529,904	10,067,052	9,763,926	10,214,642
Total expenses	16,365,205	16,751,511	9,529,904	10,067,052	25,895,109	26,818,563
Increase in net assets	2,188,634	3,868,887	248,768	1,485,605	2,437,402	5,354,492
Net assets, beginning of year (restated)	15,655,643	17,738,987	10,996,963	11,238,148	26,652,606	28,977,135
Net assets, end of year	<b>\$17,844,277</b>	<b>\$21,607,874</b>	<b>\$11,245,731</b>	<b>\$12,723,753</b>	<b>\$29,090,008</b>	<b>\$34,331,627</b>

### Governmental Activities:

The result of 2004 governmental activities was an increase of \$3,868,887 in net assets to \$21,607,874. Of the total governmental activities' net assets, \$8,425,500 is invested in capital assets less related debt, \$8,486,671 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the County government as of December 31, 2004. The balance of \$4,695,703 is listed as unrestricted, having no legal commitment.

# Barry County

## Management's Discussion and Analysis

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### Revenues:

The three largest revenue categories were property taxes at 61%, charges for services at 16%, and operating grants and contributions at 18%. The County levies multiple property tax millages for the 2003 tax year (which was recognized as revenue in 2004). Millage rates for the 2003 levies for applicable funds are as follows, General 5.5937 mills, County Parks and Recreation .2330 mills, Commission on Aging .2330 mills, Central Dispatch .9528 mills, and Thornapple Manor .8208 mills. Operating grants are the second largest source of governmental activity revenue. Examples include various State and Federal grant programs, used for purposes restricted by the grantor.

### Expenses:

General government is the largest governmental activity, expending over \$6.9 million of the \$16.8 million total and includes offices such as District Court, Probate Court, Circuit Court, Prosecuting Attorney, Board of Commissioners, Treasurer, Clerk, Courthouse grounds and County Administrator. Public Safety is the second governmental activity, expending over \$5.5 million. Expenditures grew in this activity as a result of homeland security measures instituted post 9/11. It also includes the Sheriff and Jail operations. Health and Welfare is the third largest area, expending over \$3.2 million, and includes the Medical Examiner, District Health, Veterans Affairs, and Mental Health.

### Business-type Activities:

Net assets in business-type activities increased by \$1,485,605 during 2004.

Of the total \$12.7 million of net assets in the business type activities, \$6.2 million is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be designated through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

### **FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR AND NONMAJOR FUNDS**

As the County completed 2004, its governmental funds reported *combined* fund balances of \$8,741,995. This is a net increase of \$2,834,073, including prior period adjustments. The net changes are summarized in the following chart:

	<b>General Fund</b>	<b>Central Dispatch</b>	<b>Revenue Sharing Reserve</b>	<b>Nonmajor Governmental Funds</b>
<b>Fund Balance 12/31/03</b>	\$ 2,145,917	\$ 1,318,422	\$ -	\$ 2,443,583
<b>Fund Balance 12/31/04</b>	2,145,917	1,242,459	2,170,605	3,183,014
<b>Net Change</b>	\$ -0-	\$ ( 75,963 )	\$ 2,170,605	\$ 739,431

The General Fund balance was unchanged. This was due to various equity transfers out once the current year operating results were determined. The Central Dispatch fund decreased by \$75,963 due mainly to increased capital expenditures. The combined nonmajor funds increased by \$739,431 due mainly to the net increase in transfers for certain Special Revenue Funds, increased donations in the Animal Shelter Fund, the establishment of some new Special Revenue Funds, and reduced costs and consistent revenue in other funds. Revenue Sharing Reserve increased \$2,170,605 due to the new State requirement to account for a portion of property taxes in this fund.

# **Barry County**

## **Management's Discussion and Analysis**

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### **General Fund:**

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or Board policy, all County revenues and expenditures are recorded in the General Fund. As of December 31, 2004, the General Fund reported a fund balance of \$2.1 million. This amount is unchanged from the fund balance reported as of December 31, 2003. Of the total fund balance, \$71,825 is reserved, designated or earmarked for specific purposes.

The General Fund 2004 revenues exceeded 2004 expenditures by \$1,947,088; however, the General Fund also supports the operations of a significant number of other funds. The County transfers in some of the Delinquent Tax Fund surplus to offset these transfers out. When these transfers are taken into account, the General Fund fund balance as of December 31, 2004 was the same as the fund balance as of December 31, 2003.

### **General Fund Budgetary Highlights:**

Barry County's budget is a dynamic document. Although adopted in December (prior to the start of the year), the budget is frequently amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$13,122,603, \$184,649 below the final amended budget. Although the bottom line actual varied little from the final amended budget, there were some wide variations in individual revenue accounts reflecting the tightening national and local economy. The budgeted shortfall was created by interfund transfers in being \$247,666 less than anticipated. Factoring out these transfers, the general fund actual revenues exceeded the budgeted revenues by \$63,017.

The County's expenditure and other financing uses budget was increased by \$461,295 (3.7% above the original budget) during 2004. A majority of the amendments were simply inflationary modifications in various activities to better align the budgetary figures once up-to-date data became available.

Actual County expenditures for 2004 were \$46,522 over budget. This is mainly due to net overages related to budget vs. actual amounts transferred out to various other County funds.

### **Central Dispatch Fund:**

Central Dispatch is a 24 hour a day, 7 days a week dispatch facility. This department answers all emergency and non-emergency calls for service for police, fire, and EMS in Barry County. The program is primarily funded by a millage. As of December 31, 2004, the Central Dispatch Fund reported a fund balance of \$1,242,459, a decrease of \$75,963 from the prior year. Of the total fund balance, \$125,000 is designated.

### **Revenue Sharing Reserve Fund:**

The Revenue Sharing Reserve Fund has a total fund balance of approximately \$2.2 million. As indicated above this newly established fund, authorized by shifting forward the collection date for the County portion of the property tax levy from December to July, is intended to provide a reserve from which the County may draw amounts to replace revenues previously received from the now suspended State Revenue Sharing program. The current fund balance represents the first year of a three year phase-in (less the current year draw of approximately \$618,000) that will ultimately provide deposits totaling approximately \$8.4 million to this fund. The balance in this fund is projected to be exhausted in year 2013 or 2014 at which time the County is to revert back to the State supported revenue sharing.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of 2004, the County had invested \$16,859,807 and \$2,303,242 for the discretely presented component units (excluding the Road Commission, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$10,745,164 for the primary government. Depreciation charges for the fiscal year totaled \$1,024,478 for the primary government and \$160,167 for the discretely presented component units (excluding the Road Commission).

# Barry County

## Management's Discussion and Analysis

	Governmental Activities	Business-type Activities	Component Units Drains	Component Unit Airport	Total
Land	\$ 2,653,096	\$ -	\$ -	\$ -	\$ 2,653,096
Construction in progress	-	173,880	-	-	173,880
Land improvements, net	264,550	58,482	-	846,132	1,169,164
Buildings, net	8,531,451	2,844,854	-	110,280	11,486,585
Vehicles and Equipment, net	1,328,964	1,004,530	-	6,428	2,339,922
Drains, net	-	-	1,340,402	-	1,340,402
Capital assets, net	<u>\$ 12,778,061</u>	<u>\$ 4,081,746</u>	<u>\$ 1,340,402</u>	<u>\$ 962,840</u>	<u>\$ 19,163,049</u>

**Long-term Debt** - As of December 31, 2004, the County had \$7,963,901 in bonds, loans and accumulated vacation and sick time outstanding for the primary government. The amount, \$7,391,000 was bonds with unlimited or limited taxing authority. This level of net obligation is \$531,233 less than the obligation recorded as of December 31, 2003. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Airport, Board of Public Works, and Drainage District component unit debt. The Drain Commission administers debt for various local drainage districts and water and sewer systems for local municipalities in Barry County. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government.

### Outstanding Debt as of December 31, 2004:

	Restated Jan. 1, 2004	Additions	Deletions	Dec. 31, 2004
<b>Primary Government</b>				
Governmental Activities				
Direct County Obligations	\$ 4,764,000	\$ -	\$ 484,000	\$ 4,280,000
Loans and Leases Payable	105,290	24,129	56,858	72,561
Accumulated compensated absences	479,844	20,496	-	500,340
	5,349,134	44,625	540,858	4,852,901
Business-type Activities				
General Obligations	3,146,000	2,600,000	2,635,000	3,111,000
<b>Total Primary Government</b>	8,495,134	2,644,625	3,175,858	7,963,901
<b>Component Units</b>				
Road Commission				
Installment Loans	29,360	-	29,360	-0-
Accumulated compensated absences	188,933	59,126	-	248,059
	218,293	59,126	29,360	248,059
Board of Public Works				
Water and Sewer Bonds	9,600,778	5,111,090	5,865,000	8,846,868
Drainage Districts				
Drain Bonds and Notes	152,518	-	42,101	110,417
Airport				
Loan payable	83,427	-	8,862	74,565
<b>Total Component Units</b>	10,055,016	5,170,216	5,945,323	9,279,909
<b>Total Reporting Entity</b>	<u>\$ 18,550,150</u>	<u>\$ 7,814,841</u>	<u>\$ 9,121,181</u>	<u>\$ 17,243,810</u>
<b>Debt Limit (10% of SEV)</b>				\$ 141,747,269
<b>Available Statutory Debt Limit</b>				\$ 124,503,459

## **Barry County Management's Discussion and Analysis**

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All the issuances that occurred during the year along with other changes in long-term debt in addition to a more detailed discussion of the County's long-term debt obligations is presented in Note H to the financial statements.

### **Limitations on Debt:**

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2004 was \$1.417 billion; therefore the County's debt limitation was \$141.7 million. The County remains well below its legal debt limit by over \$124 million.

### **BARRY COUNTY GOVERNMENT ECONOMIC OUTLOOK:**

At the end of 2004, unreserved fund balance in the general fund was at \$2,074,092. Barry County adopted a budget for 2005 that anticipates a surplus of \$218,000. During 2004, a general slowdown in the national and state economy created considerable state budget difficulties, requiring the State to reduce revenue sharing and other statutory payments to local units of government. In preparing the 2005 budget during the summer of 2004, knowing that the State was threatening to reduce local government revenue sharing payments, the County levied the maximum allowable rate. The County remains in stable financial condition.

### **CONTACTING THE COUNTY**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Barry County Administrator's Office at the Barry County Courthouse in Hastings, Michigan, (269) 945-1283.



## **BASIC FINANCIAL STATEMENTS**

## Barry County, Michigan

## STATEMENT OF NET ASSETS

December 31, 2004

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,482,274	\$ 2,908,540	\$ 4,390,814	\$ 1,853,908
Investments	1,712,791	1,643,082	3,355,873	206,977
Receivables	10,492,764	3,195,657	13,688,421	780,554
Due from other governmental units	934,656	48,996	983,652	476,734
Internal balances	140,081	(140,081)	-0-	-
Inventories	-	-	-0-	815,771
Prepays	1,102	-	1,102	823
Other current assets	-	45,135	45,135	-
Current portion of special assessment receivable	-	-	-0-	121,141
Current portion of lease receivable	232,350	-	232,350	1,064,923
Total current assets	14,996,018	7,701,329	22,697,347	5,320,831
Noncurrent assets				
Investments	5,201,424	1,998,991	7,200,415	-
Investments, restricted	-	4,697,191	4,697,191	-
Lease receivable	1,485,000	-	1,485,000	7,826,868
Advance to fiduciary fund	1,000	-	1,000	-
Advance to component unit	44,085	-	44,085	(44,085)
Capital assets, net	12,778,061	4,081,746	16,859,807	24,244,953
Total noncurrent assets	19,509,570	10,777,928	30,287,498	32,027,736
TOTAL ASSETS	34,505,588	18,479,257	52,984,845	37,348,567
LIABILITIES				
Current liabilities				
Accounts payable	183,503	295,261	478,764	134,129
Accrued liabilities	145,060	1,086,059	1,231,119	56,927
Due to other governmental units	-	-	-0-	16,675
Due to fiduciary funds	3,924	-	3,924	-
Accrued interest payable	12,797	-	12,797	47,183
Deferred revenue	7,699,529	1,263,184	8,962,713	-
Current portion of compensated absences	335,228	-	335,228	-
Current portion of long-term debt	482,241	1,136,000	1,618,241	1,071,371
Total current liabilities	8,862,282	3,780,504	12,642,786	1,326,285
Noncurrent liabilities				
Noncurrent portion of compensated absences	165,112	-	165,112	248,059
Noncurrent portion of long-term debt	3,870,320	1,975,000	5,845,320	7,960,479
Total noncurrent liabilities	4,035,432	1,975,000	6,010,432	8,208,538
TOTAL LIABILITIES	12,897,714	5,755,504	18,653,218	9,534,823
NET ASSETS				
Invested in capital assets, net of related debt	8,425,500	1,981,746	10,407,246	24,059,971
Restricted for				
Public safety	1,393,369	-	1,393,369	-
Debt service	96,049	-	96,049	202,472
Other purposes	6,997,253	4,532,534	11,529,787	3,551,301
Unrestricted	4,695,703	6,209,473	10,905,176	-
TOTAL NET ASSETS	\$ 21,607,874	\$ 12,723,753	\$ 34,331,627	\$ 27,813,744

See accompanying notes to financial statements.

## Barry County, Michigan

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 6,924,408	\$ 2,223,304	\$ 1,810,728	\$ -	\$ (2,890,376)	\$ -	\$ (2,890,376)	\$ -
Public safety	5,522,581	401,580	400,747	119,778	(4,600,476)	-	(4,600,476)	-
Public works	136,765	27,938	35,000	-	(73,827)	-	(73,827)	-
Health and welfare	3,217,778	539,312	1,468,352	-	(1,210,114)	-	(1,210,114)	-
Community and economic development	289,962	60,295	-	-	(229,667)	-	(229,667)	-
Recreation and cultural	512,427	148,915	-	-	(363,512)	-	(363,512)	-
Interest on long-term debt	147,590	-	-	-	(147,590)	-	(147,590)	-
Total governmental activities	16,751,511	3,401,344	3,714,827	119,778	(9,515,562)	-0-	(9,515,562)	-0-
Business-type activities								
Delinquent Tax Umbrella	5	122,457	-	-	-	122,452	122,452	-
Delinquent Tax 2003	35,369	224,349	-	-	-	188,980	188,980	-
Thornapple Manor	9,250,846	8,438,144	272,797	-	-	(539,905)	(539,905)	-
Other	780,832	449,928	-	-	-	(330,904)	(330,904)	-
Total business-type activities	10,067,052	9,234,878	272,797	-0-	-0-	(559,377)	(559,377)	-0-
Total primary government	<u>\$ 26,818,563</u>	<u>\$ 12,636,222</u>	<u>\$ 3,987,624</u>	<u>\$ 119,778</u>	(9,515,562)	(559,377)	(10,074,939)	-0-
Component units								
Road Commission	\$ 6,139,026	\$ 47,080	\$ 7,195,812	\$ -	-	-	-0-	1,103,866
Economic Development	94,000	-	60,000	-	-	-	-0-	(34,000)
Airport	154,312	7,710	127,128	-	-	-	-0-	(19,474)
Board of Public Works	717,217	-	738,647	-	-	-	-0-	21,430
Drainage Districts	81,181	-	-	62,412	-	-	-0-	(18,769)
Total component units	<u>\$ 7,185,736</u>	<u>\$ 54,790</u>	<u>\$ 8,121,587</u>	<u>\$ 62,412</u>	-0-	-0-	-0-	1,053,053
General revenues								
Property taxes					12,563,474	1,142,882	13,706,356	-
State revenues					337,853	445,367	783,220	-
Investment earnings					179,419	170,444	349,863	29,663
Miscellaneous					223,979	426,289	650,268	35,709
Transfers					79,724	(140,000)	(60,276)	-
Total general revenues and transfers					13,384,449	2,044,982	15,429,431	65,372
Change in net assets					3,868,887	1,485,605	5,354,492	1,118,425
Restated net assets, beginning of the year					17,844,277	11,245,731	29,090,008	26,695,319
Prior period adjustments					(105,290)	(7,583)	(112,873)	-
Net assets, end of the year					\$ 21,607,874	\$ 12,723,753	\$ 34,331,627	\$ 27,813,744

See accompanying notes to financial statements.

## Barry County, Michigan

## GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2004

	General	Central Dispatch
<b>ASSETS</b>		
Cash and cash equivalents	\$ (3,963,935)	\$ 544,889
Investments	5,054,347	687,858
Receivables		
Accounts	-	-
Taxes	5,577,711	1,425,084
Contracts	1,000	-
Interest	-	-
Due from others	501	-
Due from other funds	758,331	-
Due from other governmental units		
Federal/State	510,887	30,800
Local	-	-
Advances to other funds and component units	45,085	-
<b>TOTAL ASSETS</b>	<b>\$ 7,983,927</b>	<b>\$ 2,688,631</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 104,858	\$ 6,699
Accrued payroll	83,322	13,150
Accrued liabilities	10,396	1,239
Due to other funds	61,723	-
Deferred revenue	5,577,711	1,425,084
<b>TOTAL LIABILITIES</b>	<b>5,838,010</b>	<b>1,446,172</b>
<b>FUND BALANCES</b>		
Reserved for other purposes	71,825	-
Unreserved		
Designated for other purposes	-	125,000
Undesignated, reported in		
General fund	2,074,092	-
Special revenue funds	-	1,117,459
Capital projects funds	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,145,917</b>	<b>1,242,459</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,983,927</b>	<b>\$ 2,688,631</b>

See accompanying notes to financial statements.

Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,733,136	\$ (685,910)
-	166,372	5,908,577
-	2,169	2,169
2,788,855	696,734	10,488,384
-	-	1,000
-	710	710
-	-	501
-	12,352	770,683
-	336,442	878,129
-	56,527	56,527
-	-	45,085
<u>\$ 2,788,855</u>	<u>\$ 4,004,442</u>	<u>\$ 17,465,855</u>
\$ -	\$ 66,162	\$ 177,719
-	-	96,472
-	33,838	45,473
618,250	24,694	704,667
-	696,734	7,699,529
618,250	821,428	8,723,860
-	171,832	243,657
-	9,558	134,558
-	-	2,074,092
2,170,605	3,001,600	6,289,664
-	24	24
<u>2,170,605</u>	<u>3,183,014</u>	<u>8,741,995</u>
<u>\$ 2,788,855</u>	<u>\$ 4,004,442</u>	<u>\$ 17,465,855</u>

Barry County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

December 31, 2004

**Total fund balance - governmental funds** \$ 8,741,995

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 18,588,331	
Accumulated depreciation is	<u>(5,810,270)</u>	
Capital assets, net		12,778,061

Internal Service Funds are used by management to charge the costs  
of certain activities to individual funds. The assets and liabilities  
of the Internal Service Funds are included in the governmental activities  
in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds	3,492,994	
Long-term liabilities of Internal Service Funds included in total long-term liabilities below	52,645	
Net capital assets of Internal Service Funds included in total capital assets above	<u>(309,473)</u>	
		3,236,166

Long-term receivables are not available to pay for current period  
expenditures and therefore are not reported as assets in the funds.  
Long-term receivables at year-end consist of:

Lease receivable		1,717,350
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Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

Direct County obligations	4,352,561	
Accrued interest payable	12,797	
Compensated absences	<u>500,340</u>	
		<u>(4,865,698)</u>

**Net assets of governmental activities** \$ 21,607,874

See accompanying notes to financial statements.

## Barry County, Michigan

## Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2004

	General	Central Dispatch
REVENUES		
Taxes	\$ 7,800,928	\$ 1,326,126
Licenses and permits	165,181	-
Intergovernmental	2,294,627	124,784
Charges for services	1,770,272	-
Fines and forfeits	27,763	-
Interest and rents	216,408	19,239
Other	89,174	2,892
TOTAL REVENUES	12,364,353	1,473,041
EXPENDITURES		
Current		
General government	5,104,834	-
Public safety	3,844,147	1,012,146
Public works	47,472	-
Health and welfare	750,206	-
Community and economic development	283,727	-
Recreation and cultural	10,000	-
Other	284,567	-
Capital outlay	92,312	536,858
Debt service	-	-
TOTAL EXPENDITURES	10,417,265	1,549,004
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,947,088	(75,963)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	758,250	-
Operating transfers out	(2,705,338)	-
Capital lease proceeds	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,947,088)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-0-	(75,963)
Fund balances, beginning of year	2,145,917	1,318,422
Fund balances, end of year	<u>\$ 2,145,917</u>	<u>\$ 1,242,459</u>

See accompanying notes to financial statements.

Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,788,855	\$ 647,753	\$ 12,563,662
-	-	165,181
-	2,478,489	4,897,900
-	807,020	2,577,292
-	8,283	36,046
-	25,199	260,846
-	166,836	258,902
2,788,855	4,133,580	20,759,829
-	1,198,965	6,303,799
-	489,038	5,345,331
-	86,874	134,346
-	2,380,575	3,130,781
-	-	283,727
-	437,602	447,602
-	-	284,567
-	215,532	844,702
-	869,667	869,667
-0-	5,678,253	17,644,522
2,788,855	(1,544,673)	3,115,307
-	2,483,478	3,241,728
(618,250)	(223,503)	(3,547,091)
-	24,129	24,129
(618,250)	2,284,104	(281,234)
2,170,605	739,431	2,834,073
-	2,443,583	5,907,922
<u>\$ 2,170,605</u>	<u>\$ 3,183,014</u>	<u>\$ 8,741,995</u>



Barry County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

**Net change in fund balances - total governmental funds** **\$ 2,834,073**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	874,699	
Depreciation expense	<u>(640,945)</u>	
Excess of capital outlay over depreciation expense		233,754

In the statement of activities, only the gain or loss on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets sold. (17,990)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds	440,004	
Disposal of assets of Internal Service Funds included in the total above	13,000	
Repayment of long-term debt of Internal Service Funds included in the total below	52,645	
Capital outlay of Internal Service Funds included in the total above	(136,491)	
Depreciation expense of Internal Service Funds included in the total above	<u>163,150</u>	
		532,308

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Capital lease proceeds	(24,129)	
Bond principal retirement	<u>540,858</u>	
		516,729

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in lease receivable	(219,155)	
Decrease in accrued interest payable	9,664	
(Increase) in accrued compensated absences	<u>(20,496)</u>	
		<u>(229,987)</u>

**Change in net assets of governmental activities** **\$ 3,868,887**

See accompanying notes to financial statements.

Barry County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2004

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2003	Thornapple Manor
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,874,102	\$ 180,338	\$ 423,426
Investments	1,643,082	-	-
Receivables			
Accounts	-	-	740,355
Taxes	14,904	1,038,728	1,227,681
Interest	3,094	-	-
Other	-	-	45,135
Prepays	-	-	-
Due from other governmental units	-	-	-
Due from other funds	-	-	-
Total current assets	3,535,182	1,219,066	2,436,597
Noncurrent assets			
Investments	1,998,991	-	-
Investments, restricted	-	-	4,697,191
Capital assets, net	-	-	3,174,877
Total noncurrent assets	1,998,991	-0-	7,872,068
TOTAL ASSETS	5,534,173	1,219,066	10,308,665
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	1,113	-	266,471
Accrued liabilities	-	-	1,071,599
Due to other funds	140,081	-	-
Deferred revenue	-	-	1,263,184
Current portion of bonds and notes payable	-	1,011,000	125,000
Total current liabilities	141,194	1,011,000	2,726,254
Noncurrent liabilities			
Noncurrent portion of bonds and notes payable	-	-	1,975,000
TOTAL LIABILITIES	141,194	1,011,000	4,701,254
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	1,074,877
Restricted for employee benefits	-	-	-
Restricted for other purposes	-	-	4,532,534
Unrestricted	5,392,979	208,066	-
TOTAL NET ASSETS	\$ 5,392,979	\$ 208,066	\$ 5,607,411

See accompanying notes to financial statements.

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 430,674	\$ 2,908,540	\$ 2,168,184
-	1,643,082	-
8,955	749,310	-
161,940	2,443,253	-
-	3,094	-
-	45,135	-
-	-0-	1,102
48,996	48,996	-
-	-0-	80,441
650,565	7,841,410	2,249,727
-	1,998,991	1,005,638
-	4,697,191	-
906,869	4,081,746	309,473
906,869	10,777,928	1,315,111
1,557,434	18,619,338	3,564,838
27,677	295,261	5,784
14,460	1,086,059	3,115
-	140,081	10,300
-	1,263,184	-
-	1,136,000	52,645
42,137	3,920,585	71,844
-	1,975,000	-
42,137	5,895,585	71,844
906,869	1,981,746	256,828
-	-0-	2,766,202
-	4,532,534	-
608,428	6,209,473	469,964
<u>\$ 1,515,297</u>	<u>\$ 12,723,753</u>	<u>\$ 3,492,994</u>

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2004

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2003	Thornapple Manor
OPERATING REVENUES			
Interest and penalties on delinquent taxes	\$ 6,260	\$ 115,707	\$ -
Charges for services	116,197	108,642	8,438,144
Intergovernmental - state	-	-	271,998
Other	-	-	426,289
TOTAL OPERATING REVENUES	122,457	224,349	9,136,431
OPERATING EXPENSES			
Operating supplies	-	-	-
Contracted services	-	-	-
Salaries	-	-	5,048,200
Fringe benefits	-	-	-
Depreciation	-	-	227,244
Interest expense	-	19,243	-
Other	5	16,126	3,833,368
TOTAL OPERATING EXPENSES	5	35,369	9,108,812
OPERATING INCOME (LOSS)	122,452	188,980	27,619
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-
Property taxes	-	-	1,142,882
Loss from sale of property	-	-	(22,089)
Contributions	-	-	799
Interest revenue	98,212	2,587	62,094
Interest expense	-	-	(119,945)
TOTAL NONOPERATING REVENUES	98,212	2,587	1,063,741
INCOME (LOSS) BEFORE TRANSFERS IN (OUT)	220,664	191,567	1,091,360
TRANSFERS IN (OUT)			
Transfers in	806,227	15,217	-
Transfers out	(155,217)	-	-
TOTAL TRANSFERS IN (OUT)	651,010	15,217	-0-
CHANGE IN NET ASSETS	871,674	206,784	1,091,360
Net assets, beginning of year	4,521,305	1,282	4,516,051
Prior period adjustments	-	-	-
Net assets, end of year	\$ 5,392,979	\$ 208,066	\$ 5,607,411
See accompanying notes to financial statements.			

Activities		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 190,388	\$ 312,355	\$ -
259,540	8,922,523	2,836,211
-	271,998	-
-	426,289	5,294
449,928	9,933,165	2,841,505
60,407	60,407	16,710
-	-0-	171,557
-	5,048,200	-
-	-0-	2,679,807
-	227,244	163,150
6,275	25,518	5,434
714,150	4,563,649	895
780,832	9,925,018	3,037,553
(330,904)	8,147	(196,048)
445,367	445,367	-
-	1,142,882	-
-	(22,089)	-
-	799	-
7,551	170,444	26,765
-	(119,945)	-
452,918	1,617,458	26,765
122,014	1,625,605	(169,283)
-	821,444	946,340
(806,227)	(961,444)	(337,053)
(806,227)	(140,000)	609,287
(684,213)	1,485,605	440,004
2,207,093	11,245,731	3,052,990
(7,583)	(7,583)	-
<u>\$ 1,515,297</u>	<u>\$ 12,723,753</u>	<u>\$ 3,492,994</u>

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2003	Thornapple Manor
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 123,966	\$ 224,349	\$ 8,790,321
Cash paid to employees and suppliers	-	(35,369)	(8,811,117)
Cash paid to other governmental units - local	-	(1,061,208)	-
Cash received from state grants	-	-	230,371
Cash paid for employee benefits	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	123,966	(872,228)	209,575
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental sources	-	-	-
Contributions	-	-	798
Property taxes	-	-	1,142,882
Transfers in	806,227	15,217	-
Transfers out	(155,217)	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	651,010	15,217	1,143,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State and Federal capital assistance	-	-	-
Sale of capital assets	-	-	-
Capital purchases	-	-	(214,758)
Interest expense	-	-	(119,945)
Note proceeds	-	2,600,000	-
Payments on borrowings	-	(1,589,000)	(100,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	1,011,000	(434,703)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(777,713)	-	(817,482)
Patient trust deposits - net	-	-	57
Maturity of investments	-	-	-
Interest revenue	98,212	2,587	62,094
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(679,501)	2,587	(755,331)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	95,475	156,576	163,221
Cash and cash equivalents, beginning of year	1,778,627	23,762	260,205
Cash and cash equivalents, end of year	\$ 1,874,102	\$ 180,338	\$ 423,426

Activities		Governmental
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,401,370	\$ 10,540,006	\$ 2,841,505
(641,351)	(9,487,837)	(206,332)
-	(1,061,208)	-
-	230,371	-
-	-0-	(2,743,106)
760,019	221,332	(107,933)
307,220	307,220	-
-	798	-
-	1,142,882	-
-	821,444	946,340
(806,227)	(961,444)	(337,053)
(499,007)	1,310,900	609,287
115,773	115,773	-
-	-0-	13,000
(137,087)	(351,845)	(136,491)
-	(119,945)	-
-	2,600,000	-
(946,000)	(2,635,000)	(52,645)
(967,314)	(391,017)	(176,136)
-	(1,595,195)	(1,005,638)
-	57	-
255,126	255,126	683,780
7,551	170,444	26,765
262,677	(1,169,568)	(295,093)
(443,625)	(28,353)	30,125
874,299	2,936,893	2,138,059
\$ 430,674	\$ 2,908,540	\$ 2,168,184

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2004

	Business-type		
	Delinquent Tax Umbrella	Delinquent Tax Revolving 2003	Thornapple Manor
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 122,452	\$ 188,980	27,619
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	227,244
(Increase) decrease in receivables	456	(1,038,728)	(211,802)
(Increase) decrease in other assets	-	-	87,780
(Decrease) in accounts payable	(136)	-	(8,658)
Increase in due to other funds	1,194	-	-
(Decrease) in due to other governmental units	-	(22,480)	-
(Decrease) in deferred revenue	-	-	(41,627)
Increase in accrued liabilities	-	-	129,019
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 123,966</u>	<u>\$ (872,228)</u>	<u>\$ 209,575</u>

See accompanying notes to financial statements.



Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
		Funds
<hr/>		
\$ (330,904)	\$ 8,147	\$ (196,048)
156,289	383,533	163,150
951,442	(298,632)	-
-	87,780	(77,630)
(21,607)	(30,401)	(7,705)
-	1,194	10,300
-	(22,480)	-
-	(41,627)	-
4,799	133,818	-
<hr/>		
<u>\$ 760,019</u>	<u>\$ 221,332</u>	<u>\$ (107,933)</u>

Barry County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2004

	Agency Funds	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 2,010,102	\$ 19,361
Accounts receivable	-	6,874
Due from other funds	3,924	-
	<u>3,924</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,014,026</u>	<u>\$ 26,235</u>
LIABILITIES		
Accounts payable	\$ 43,006	\$ -
Undistributed collections payable	1,555,298	-
Advances from other funds	1,000	-
Due to other governmental units		
Federal/State	204,115	-
Due to individuals and agencies	210,607	-
	<u>210,607</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 2,014,026</u>	<u>\$ -</u>
NET ASSETS		
Held in trust for private purposes		<u>\$ 26,235</u>

See accompanying notes to financial statements.

Barry County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended December 31, 2004

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Intergovernmental - local	\$ 61,512
DEDUCTIONS	
General government	<u>61,358</u>
CHANGE IN NET ASSETS	154
Net assets, beginning of year	<u>26,081</u>
Net assets, end of year	<u><u>\$ 26,235</u></u>

See accompanying notes to financial statements.

## Barry County, Michigan

## Component Unit Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2004

	Road Commission	Drainage Districts	Board of Public Works
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,579,400	\$ 178,783	\$ 32,857
Investments	-	20,000	186,977
Receivables	778,035	-	781
Inventories	815,771	-	-
Prepays	529	-	-
Current portion of special assessments receivable	-	121,141	-
Current portion of lease receivable	-	-	1,064,923
Due from other governmental units	357,797	-	53,031
Total current assets	3,531,532	319,924	1,338,569
Noncurrent assets			
Lease receivable	-	-	7,826,868
Capital assets, net	21,941,711	1,340,402	-
Total noncurrent assets	21,941,711	1,340,402	7,826,868
<b>TOTAL ASSETS</b>	<b>25,473,243</b>	<b>1,660,326</b>	<b>9,165,437</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	79,674	-	53,135
Accrued liabilities	56,927	-	-
Due to other governmental units	16,675	-	-
Accrued interest payable	-	974	44,923
Current portion of long-term debt	-	42,101	1,020,000
Total current liabilities	153,276	43,075	1,118,058
Noncurrent liabilities			
Advance from primary government	-	44,085	-
Noncurrent portion of compensated absences	248,059	-	-
Noncurrent portion of long-term debt	-	68,316	7,826,868
Total noncurrent liabilities	248,059	112,401	7,826,868
<b>TOTAL LIABILITIES</b>	<b>401,335</b>	<b>155,476</b>	<b>8,944,926</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	21,941,711	1,229,985	-
Restricted for			
Debt service	-	197,425	5,047
Other purposes	3,130,197	77,440	215,464
<b>TOTAL NET ASSETS</b>	<b>\$ 25,071,908</b>	<b>\$ 1,504,850</b>	<b>\$ 220,511</b>

See accompanying notes to financial statements.

<u>Economic Development</u>	<u>Airport</u>	<u>Total Component Units</u>
\$ 56,666	\$ 6,202	\$ 1,853,908
-	-	206,977
-	1,738	780,554
-	-	815,771
-	294	823
-	-	121,141
-	-	1,064,923
-	65,906	476,734
56,666	74,140	5,320,831
-	-	7,826,868
-	962,840	24,244,953
-0-	962,840	32,071,821
56,666	1,036,980	37,392,652
-	1,320	134,129
-	-	56,927
-	-	16,675
-	1,286	47,183
-	9,270	1,071,371
-0-	11,876	1,326,285
-	-	44,085
-	-	248,059
-	65,295	7,960,479
-0-	65,295	8,252,623
-0-	77,171	9,578,908
-	888,275	24,059,971
-	-	202,472
56,666	71,534	3,551,301
<u>\$ 56,666</u>	<u>\$ 959,809</u>	<u>\$ 27,813,744</u>

## Barry County, Michigan

## Component Unit Funds

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission	\$6,139,026	\$ 47,080	\$ 7,195,812	\$ -	\$ 1,103,866
Drainage Districts	81,181	-	-	62,412	(18,769)
Board of Public Works	717,217	-	738,647	-	21,430
Economic Development	94,000	-	60,000	-	(34,000)
Airport	154,312	7,710	127,128	-	(19,474)
TOTALS	<u>\$7,185,736</u>	<u>\$ 54,790</u>	<u>\$ 8,121,587</u>	<u>\$ 62,412</u>	1,053,053
General revenues					
Investment earnings					29,663
Miscellaneous					<u>35,709</u>
Total general revenues					<u>65,372</u>
CHANGE IN NET ASSETS					1,118,425
Net assets, beginning of year					<u>26,695,319</u>
Net assets, end of year					<u>\$ 27,813,744</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Barry, Michigan was organized in 1839 and covers an area of approximately 576 square miles with the County seat located in the City of Hastings, Michigan. The County operates under an elected Board of Commissioners of eight (8) members and provides services to its approximately 56,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture. Education is provided to citizens through twelve (12) local School Districts, six (6) Intermediate School Districts, and a Community College located in the County. The School Districts and College are separate governmental entities whose financial statements are not included herein in accordance with the National Council on Governmental Accounting (NCGA) Statement 3.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity*; and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Barry County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities are, in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Barry County Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) activities are reported on the fiscal year-end of September 30, 2004.

2. Blended Component Units

The Barry County Family Independence Agency is governed by a three (3) member Board. The Board consists of two (2) members appointed by the County Board of Commissioners and one (1) State appointed member. The Board is responsible for establishing policies and the operational oversight of the local administration of the State of Michigan Social Welfare program and the long-term care Medical Care Facility. Although the employees of the Barry County Family Independence Agency are employed by the State of Michigan and substantially all the programs are financed by the State. State law requires the local activities to be "blended" with the local primary government.

The Barry County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Barry County Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County's public buildings.

The financial statements of the Barry County Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) for the year ended September 30, 2004 and the financial statements of the Thornapple Manor Medical Care Facility (Thornapple Manor Fund) for the year ended December 31, 2004, component units of the County of Barry, are included in these financial statements as blended component units. These component units are also audited individually. Complete financial statements are issued under separate cover and may be obtained from their respective administrative offices.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Blended Component Units - continued

The Barry County Transit receives Federal and State financial assistance in the form of operating and capital grant funding to support its operation, expand marketing, and specialized services, and replace buses and other equipment. The Transit provides demand response services within Barry County. The Transit also provides special services on a contractual basis to several nonprofit and governmental agencies within the County.

The Thornapple Manor Medical Care Facility is a 138-bed, long-term medical care unit owned and operated by Barry County. It is governed by the Barry County Family Independence Agency Board. This Board consists of three (3) members, two (2) of whom are appointed by the Barry County Board of Commissioners, and one (1) appointed by the Michigan Governor.

The Barry County Substance Abuse Service activities is governed by a nine (9) member board of Directors of which three (3) members are County Commissioners and six (6) members are from the community at large. Much of Barry County Substance Abuse Services' funding comes from a contract with Kalamazoo Human Service Department, Substance Abuse Services, which is charged with funding and overseeing services in Barry, Branch, Kalamazoo, and St. Joseph Counties.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Barry County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Barry County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Barry County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are appointed by the Barry County Board of Commissioners. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office.

The Barry County Economic Development Board is appointed by the County Board of Commissioners. The Development may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County.

The Barry County Board of Public Works (BPW) is a five (5) member Board comprised of the Drain Commissioner and four (4) members appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

The Barry County Drainage Districts come under the jurisdiction of the Barry County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.



NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Airport Commission is classified as a joint venture with another governmental unit. The details related to this joint venture agreement are disclosed below.

4. Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Airport Commission - The County is a member of the Airport Commission, which is a joint venture that was formed by an agreement in 1977 between the Hastings City Council and the Barry County Board of Commissioners. The Commission consists of five (5) members, two (2) appointed by the Barry County Board of Commissioners, two (2) appointed by the Hastings City Council and one (1) at large member appointed by the Commission. It is responsible for acquisition of property, constructing, operating, and maintaining airport facilities. Ownership of property is vested in the City/County. It may exercise on behalf of the political subdivision by which it was created, all powers of each such political subdivision. It may not issue debt without approval from the City and County. It is designated as the agent for any Federal or State airport aid. The agreement requires that each governmental unit provide fifty (50) percent of the net budget appropriation requirements and that financial record keeping be maintained by the County.

The financial activities of the Airport Commission are reported in the County's financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Commission's funds.

Barry/Eaton District Health Department - The County is a member of the Barry/Eaton District Health Department, which is a joint venture between Barry and Eaton Counties, and was established to provide public health services. The District Health Board has representation and provides services to Barry and Eaton Counties. Both Counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Eaton County and Barry County to provide 65 and 35 percent, respectively. In addition, the treasury function for the District Health Department rests with the Eaton County Treasurer. For this reason the District Health Department is discretely presented in the Eaton County financial statements.

The Barry/Eaton District Health Department does not issue separate financial statements. Combining component unit statements are included as part of the financial statements of Eaton County to summarize all the funds of the District Health Department. A copy of Eaton County's audit can be obtained at their Administrative offices.

5. Jointly Governed Organizations

The County participates in the following activity which is considered to be a jointly governed organization in relation to the County due to there being no ongoing financial interest or responsibility.

Region III B Area Agency on Aging - Barry County, in conjunction with Calhoun County, has entered into an agreement, which created the Region III B Area Agency on Aging that provides comprehensive services to older individuals residing in those Counties. Operating revenues are derived from Federal, State, and local governments as well as fees for services. The Region III B Area Agency on Aging is governed by a seven (7) member Board appointed by the Board of Commissioners of the two (2) Counties it services. A copy of Region III B Area Agency on Aging's audit can be obtained at their Administrative offices.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated non-major funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Central Dispatch Fund is used to account for the operations of Barry County Central Dispatch, which provides dispatch services for eleven (11) fire agencies, ten (10) law enforcement agencies and emergency medical services throughout all of Barry County. Revenues are generated through special voted tax and state grants.
- c. The Revenue Sharing Reserve Fund was established to account for the shift of State Revenue Sharing dollars from State to local funding.
- d. The Delinquent Tax Umbrella Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.
- e. The 2003 Delinquent Tax Fund accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.
- f. The Thornapple Manor Fund accounts for the activities of the Thornapple Manor Medical Care Facility, a 138-bed long-term medical care unit owned and operated by Barry County. Revenues are generated by charges for services and a County appropriation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for fiduciary funds since assets equal liabilities.

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

9. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, commercial paper, and U.S. Government Securities with a maturity from date of purchase of 90 days or less.

10. Investments

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

11. Restricted Investments

Thornapple Manor has restricted investments that are limited as to use by the Barry County Family Independence Agency (FIA) Board for future capital purchases.

12. Lease Receivable

The County has irrevocably pledged its full faith and credit as collateral for certain water and sewer system bonds. These projects are administered by the Barry County Drain Commission for local municipalities. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level based on guidance from MCGAA Statement 10, as amended. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations and amounts to be collected subsequently that have been reported as noncurrent.

The County has also irrevocably pledged its full faith and credit as collateral for certain construction bonds. This project is administered by Barry County for Kellogg Community College. Payments by the College to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level based on guidance from MCGAA Statement 10, as amended. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations and amounts to be collected subsequently that have been reported as noncurrent.

13. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues, and accounts receivable related to charges for services.

14. Inventories

Inventories in the Road Commission (Component Unit) Fund are priced at cost as determined on the average cost method. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**15. Capital Assets

## PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND THORNAPPLE MANOR)

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 25 years
Buildings	7 - 50 years
Machinery and equipment	2 - 25 years
Drain infrastructure	50 years

## ROAD COMMISSION - DISCRETELY PRESENTED COMPONENT UNIT

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by Barry County Road Commission on an individual basis. The dollar threshold depends on the category of the asset, but the asset must have an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. The Barry County Road Commission has capitalized the major infrastructure assets in accordance with GASB Statement No. 34 in the Statement of Net Assets.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	7 - 10 years
Engineering Equipment	4 - 10 years
Office Equipment	4 - 10 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Bridges	12 - 50 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. Capital Assets - continued

THORNAPPLE MANOR - BLENDED COMPONENT UNIT

All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation.

Land improvements	5 - 25 years
Buildings and improvements	10 - 40 years
Equipment	5 - 25 years

16. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

17. Advances to Other Funds/Component Units

Long-term advances from certain funds to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reserved for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

18. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Internal Service Funds are used to record charges for services to all County departments and funds as operating transfers or operating revenue. All County funds record these payments to the Internal Service Funds as operating transfers or operating expenditures/expenses.

19. Accrued Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2004, including related payroll taxes, are recorded in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

20. Deferred Revenue

Deferred revenue recorded in the governmental funds consists of the 2005 tax levy that was levied in 2004 and will be collected in 2005 and is not available for current year expenditures. Drainage Districts and other funds which have deferrals consist of amounts related to long-term special assessment tax receivables and other revenues recorded at the fund level that are not available to finance current period expenditures and are therefore deferred.

21. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

- a. Prior to August 1, County departments in conjunction with the Administrator's Office, prepare and submit their proposed operating budgets to the Liaison Committee who reviews and makes recommendations to the Finance Committee for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of a budget resolution.
- d. The budgets are legally adopted at the activity, functional, and account level for the General Fund and the fund level for the Special Revenue Fund. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all fund budgets are maintained at the activity and account level. The Administrator is authorized to transfer budget amounts between accounts without Board approval.
- e. Budgets for certain Capital Projects Funds are made on a project basis spanning more than one year.
- f. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- g. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted.

22. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

23. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit Reports and financial data will be issued under separate cover as supplementary information to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE B: POOLING OF CASH AND INVESTMENTS AND CASH OVERDRAFT**

The County utilizes pooled cash accounts for approximately sixty (60) funds. Cash overdrafts of individual funds as of December 31, 2004, are as follows:

<u>Fund</u>	<u>Pooled Cash Overdraft</u>	<u>Non-pooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
<b>PRIMARY GOVERNMENT</b>			
General Fund	\$(4,863,998 )	\$ 900,063	\$(3,963,935 )
Special Revenue Funds			
Central Dispatch	( 18,666 )	563,555	544,889
Remonumentation	( 28,055 )	-	( 28,055 )
Community Corrections	( 45,294 )	-	( 45,294 )
Adult Drug Court	( 45,404 )	-	( 45,404 )
Juvenile Drug Court	( 41,859 )	-	( 41,859 )
Debt Service Funds			
Friend of the Court Renovation	( 3,750 )	8,297	4,547
Enterprise Funds			
Transit	( 44,156 )	223,931	179,775
Internal Service Funds			
Dental and Optical	( 37,579 )	-	( 37,579 )
Private Purpose Trust Funds			
Cooperative Extension	( 801 )	-	( 801 )
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>(5,041,250 )</b>	<b>1,695,846</b>	<b>(3,433,716 )</b>
<b>COMPONENT UNITS</b>			
Drainage Districts			
Capital Projects			
Revolving Drain	( 28,472 )	-	( 28,472 )
<b>TOTAL REPORTING ENTITY</b>	<b>\$(5,012,778 )</b>	<b>\$ 1,695,846</b>	<b>\$(3,462,188 )</b>

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County utilizes various pooled cash accounts and investments for approximately sixty funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds (except for the Delinquent Tax Revolving Funds), Trust and Agency Funds, and the component unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the combined balance sheet.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, and U.S. Government Securities are held separately by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:



## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of December 31, 2004, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 782,314	\$ 1,239,141
Savings accounts	3,382,394	3,382,394
Certificates of deposit	<u>3,294,978</u>	<u>3,294,978</u>
Total primary government	7,459,686	7,916,513
COMPONENT UNITS		
Checking	1,672,457	1,672,457
Savings accounts	109,011	109,011
Certificates of deposit	<u>206,977</u>	<u>206,977</u>
Total component units	1,988,445	1,988,445
FIDUCIARY FUNDS		
Checking	<u>2,029,463</u>	<u>2,063,925</u>
TOTAL REPORTING ENTITY	<u>\$11,477,594</u>	<u>\$11,968,883</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2004, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$1,215,862 and the amount of \$10,753,021 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

As of December 31, 2004, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>PRIMARY GOVERNMENT</b>		
Insured or registered for which the securities are held by the County's agent in the County's name -		
U.S. Treasury Bonds	\$ 862,159	\$ 862,159
Commercial paper	5,123,983	5,123,983
Government National Mortgage Association	1,452,690	1,452,690
Federal Home Loan Mortgage Corporation	1,315,031	1,315,031
Federal Home Loan Bank Corporation	2,634,548	2,634,548
Federal National Mortgage Association	<u>831,124</u>	<u>831,124</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>12,219,535</b>	<b>12,219,535</b>
<b>COMPONENT UNITS</b>		
Insured or registered for which the securities are held by the County's agent in the County's name -		
Commercial paper	<u>72,440</u>	<u>72,440</u>
<b>TOTAL REPORTING ENTITY</b>	<b><u>\$12,291,975</u></b>	<b><u>\$12,291,975</u></b>

The investments in commercial paper are insured or registered, with securities held by Fifth-Third Securities, Inc., AIM Funds, and MBIA. The maximum insurance for investments, Fifth-Third Bank, AIM Funds, and MBIA is provided by the Securities Investor Protection Act at \$500,000 each. The investments in U.S. Treasury Securities are not insured but are backed by the full faith and credit of the Federal Government.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2004:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 4,390,814	\$ 1,853,908	\$ 2,029,463	\$ 8,274,185
Investments, current	3,355,873	206,977	-	3,562,850
Investments, noncurrent	7,200,415	-	-	7,200,415
Investments, restricted	<u>4,697,191</u>	<u>-</u>	<u>-</u>	<u>4,697,191</u>
	<b><u>\$19,644,293</u></b>	<b><u>\$ 2,060,885</u></b>	<b><u>\$ 2,029,463</u></b>	<b><u>\$23,734,641</u></b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

The primary government cash and cash equivalents caption on the combined balance sheet include \$7,936 in imprest cash. The Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) portion of pooled cash and cash equivalents presented above are as of December 31, 2004. However, their financial statements have been presented as of September 30, 2004, which results in a timing difference of \$(42,864) for the primary government. The restricted cash of \$4,697,191 was being held for use by the Barry County FIA Board for future capital purchases.

**NOTE D: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details primary government interfund receivables and payables at December 31, 2004:

Due to General Fund from:	
Delinquent Tax Umbrella Fund	\$ 140,081
Revenue Sharing Fund	<u>618,250</u>
	758,331
Due to nonmajor governmental funds from:	
Nonmajor governmental funds	2,052
Internal Service Fund	<u>10,300</u>
	12,352
Due to internal service funds from:	
General Fund	61,723
Nonmajor governmental funds	<u>18,718</u>
	80,441
Due to fiduciary funds from:	
Nonmajor governmental funds	<u>3,924</u>
Total interfund receivable and payables	<u>\$ 855,048</u>

The following schedule details interfund receivables and payables related to the component units at December 31, 2004:

Due to component units from:	
Component units	<u>\$ 223,035</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE E: ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2004:

Advance to fiduciary funds from:	
General Fund	<u>\$ 1,000</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE E: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED**

The following schedule details advances receivable and payable between the primary government and component units at December 31, 2004:

Advance to component unit from:	
General Fund	\$ <u>44,085</u>

The balance of \$44,085 advanced to Drain Revolving from General Fund resulted from loans made for working capital.

**NOTE F: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Transfers to General Fund from:	
Delinquent Tax Umbrella Fund	\$ 140,000
Revenue Sharing Fund	<u>618,250</u>

Total transfers to General Fund from other funds	\$ <u>758,250</u>
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Transfers to nonmajor governmental funds from:	
General Fund	\$ 2,085,775
Nonmajor governmental funds	173,503
Thornapple Manor	<u>224,200</u>

Total transfers to nonmajor governmental funds	\$ <u>2,483,478</u>
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Transfer to Delinquent Tax Revolving 2003 from:	
Delinquent Tax Umbrella Fund	\$ <u>15,217</u>

Transfers to internal service funds from:	
General fund	\$ 559,287
Nonmajor governmental funds	50,000
Internal service funds	<u>337,053</u>

Total transfers to internal service funds	\$ <u>946,340</u>
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Transfers to Delinquent Tax Umbrella Fund from:	
Nonmajor enterprise funds	\$ <u>806,227</u>

There is a difference of \$60,276 from the General Fund which was transferred to the Substance Abuse Fund in November 2004 but the Substance Abuse fund is reported at September 30, 2004, their fiscal year-end. There is also a difference of \$224,200, which relates to the transfer into the Building Authority Thornapple Major Addition Debt Service Fund, which is shown as a debt payment in the separately audited Thornapple Manor Fund instead of as a transfer out.

Transfer to component unit funds from:	
Component unit funds	\$ <u>49,803</u>

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE G: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

**Primary Government**

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Governmental activities				
Capital Assets Not Being Depreciated				
Land	\$ 2,653,096	\$ -	\$ -	\$ 2,653,096
Capital Assets Being Depreciated				
Land improvements	622,560	27,240	-	649,800
Buildings and additions	12,036,550	6,259	-	12,042,809
Equipment and furniture	<u>2,452,376</u>	<u>841,200</u>	<u>( 50,950 )</u>	<u>3,242,626</u>
Subtotal at historical cost	15,111,486	874,699	( 50,950 )	15,935,235
Less accumulated depreciation for:				
Land improvements	( 359,361 )	( 25,889 )	-	( 385,250 )
Buildings and additions	( 3,218,451 )	( 292,907 )	-	( 3,511,358 )
Equipment and furniture	<u>( 1,624,473 )</u>	<u>( 322,149 )</u>	<u>32,960</u>	<u>( 1,913,662 )</u>
Subtotal at historical cost	<u>( 5,202,285 )</u>	<u>( 640,945 )</u>	<u>32,960</u>	<u>( 5,810,270 )</u>
Net capital assets being depreciated	<u>9,909,201</u>	<u>233,754</u>	<u>( 17,990 )</u>	<u>10,124,965</u>
Capital assets, net	<u>\$ 12,562,297</u>	<u>\$ 233,754</u>	<u>\$ ( 17,990 )</u>	<u>\$ 12,778,061</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 297,589
General government - Internal service funds	163,150
Public safety	74,160
Health and welfare	52,328
Recreation and cultural	<u>53,718</u>

Total depreciation expense \$ 640,945

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Business-type activities				
Capital Assets Not Being Depreciated				
Construction in process	\$ -	\$ 173,880	\$ -	\$ 173,880
Capital Assets Being Depreciated				
Land improvements	207,241	-	( 118 )	207,123
Buildings and additions	6,461,774	-	( 613,519 )	5,848,255
Vehicles	1,152,624	137,087	-	1,289,711
Equipment and furniture	1,920,981	40,878	( 495,690 )	1,466,169
Shop equipment	<u>31,502</u>	<u>-</u>	<u>-</u>	<u>31,502</u>
Subtotal at historical cost	9,774,122	177,965	( 1,109,327 )	8,842,760

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE G: CAPITAL ASSETS - CONTINUED****Primary Government - continued**

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Business-type activities - continued				
Less accumulated depreciation for:				
Land improvements	\$( 142,479 )	\$( 6,280 )	\$ 118	\$( 148,641 )
Buildings and improvements	( 3,429,494 )	( 174,861 )	600,954	( 3,003,401 )
Vehicles	( 642,549 )	( 116,354 )	-	( 758,903 )
Equipment and furniture	( 1,393,639 )	( 85,658 )	486,166	( 993,131 )
Shop equipment	( 30,438 )	( 380 )	-	( 30,818 )
Subtotal	( 5,638,599 )	( 383,533 )	1,087,238	( 4,934,894 )
Net capital assets being depreciated	4,135,523	( 205,568 )	( 22,089 )	3,907,866
Capital assets, net	\$ 4,135,523	\$( 31,688 )	\$( 22,089 )	\$ 4,081,746

**Component Units**

Component Unit - Drainage Districts				
Drain infrastructure	\$ 1,982,937	\$ -	\$ -	\$ 1,982,937
Less accumulated depreciation for:				
Drain infrastructure	( 607,369 )	( 35,166 )	-	( 642,535 )
Capital assets, net	\$ 1,375,568	\$( 35,166 )	\$ -0-	\$ 1,340,402
Component Unit - Road Commission				
Capital assets not being depreciated:				
Land	\$ 85,433	\$ -	\$ -	\$ 85,433
Land improvements	11,977,004	500,930	-	12,477,934
Right-of-Ways	65,201	3	-	65,204
Subtotal at historical cost	12,127,638	500,933	-0-	12,628,571
Capital assets being depreciated:				
Land improvements	214,808	-	-	214,808
Buildings	717,576	4,005	-	721,581
Road equipment	5,852,034	578,072	( 70,191 )	6,359,915
Shop equipment	164,809	4,285	-	169,094
Office equipment	80,639	11,988	( 4,499 )	88,128
Engineering equipment	97,499	8,672	( 2,575 )	103,596
Yard & storage equipment	103,147	-	-	103,147
Pit depletion	522,574	1,457	-	524,031
Infrastructure - bridges	2,623,674	-	-	2,623,674
Infrastructure - roads	11,345,861	1,285,469	( 1,229,718 )	11,401,612
Subtotal at historical cost	21,722,621	1,893,948	( 1,306,983 )	22,309,586

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE G: CAPITAL ASSETS - CONTINUED****Component Units - continued**

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004
Component Unit - Road Commission - continued				
Less accumulated depreciation for:				
Land improvements	\$ 30,149	\$ 10,740	\$ -	\$ 40,889
Buildings	462,088	12,674	-	474,762
Road equipment	5,032,152	336,586	70,191	5,298,547
Shop equipment	161,487	2,730	-	164,217
Office equipment	61,057	9,621	4,292	66,386
Engineering equipment	90,077	7,160	2,074	95,163
Yard & storage equipment	103,147	-	-	103,147
Pit depletion	114,795	17,700	-	132,495
Infrastructure - bridges	660,555	61,503	-	722,058
Infrastructure - roads	<u>5,988,311</u>	<u>1,140,189</u>	<u>1,229,718</u>	<u>5,898,782</u>
Subtotal at historical cost	<u>12,703,818</u>	<u>1,598,903</u>	<u>1,306,275</u>	<u>12,996,446</u>
Net capital assets being depreciated	<u>9,018,803</u>	<u>295,045</u>	<u>708</u>	<u>9,313,140</u>
Capital assets, net	<u>\$ 21,146,441</u>	<u>\$ 795,978</u>	<u>\$ 708</u>	<u>\$ 21,941,711</u>
Component Unit - Airport Commission				
Land improvements	\$ 2,291,900	\$ 48,313	\$ -	\$ 2,340,213
Buildings	238,800	-	-	238,800
Equipment	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>47,500</u>
Totals at historical cost	2,578,200	48,313	-0-	2,626,513
Less accumulated depreciation for:				
Land improvements	( 1,377,070 )	( 117,011 )	-	( 1,494,081 )
Buildings	( 124,840 )	( 3,680 )	-	( 128,520 )
Equipment	<u>( 36,762 )</u>	<u>( 4,310 )</u>	<u>-</u>	<u>( 41,072 )</u>
Total accumulated depreciation	<u>( 1,538,672 )</u>	<u>( 125,001 )</u>	<u>-0-</u>	<u>( 1,663,673 )</u>
Capital assets, net	<u>\$ 1,039,528</u>	<u>\$ ( 76,688 )</u>	<u>\$ -0-</u>	<u>\$ 962,840</u>

**NOTE H: LONG-TERM DEBT**

The following is a summary of changes in long term debt (including current portion) of the County for the year ended December 31, 2004:

	Restated Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County Obligations - bonds	\$ 4,764,000	\$ -	\$ 484,000	\$ 4,280,000	\$ 425,000
2002 computer system installment					
- loan	105,290	-	52,645	52,645	52,645
Capital lease	-	24,129	4,213	19,916	4,596
Accumulated compensated absences	<u>479,844</u>	<u>20,496</u>	<u>-</u>	<u>500,340</u>	<u>335,228</u>
	5,349,134	44,625	540,858	4,852,901	817,469

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED**

	Restated Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004	Amounts Due Within One Year
<b>PRIMARY GOVERNMENT - CONTINUED</b>					
Business-type Activities					
General Obligation - tax notes	\$ 946,000	\$ 2,600,000	\$ 2,535,000	\$ 1,011,000	\$ 1,011,000
General Obligation - BA Bonds	<u>2,200,000</u>	<u>-</u>	<u>100,000</u>	<u>2,100,000</u>	<u>125,000</u>
	<u>3,146,000</u>	<u>2,600,000</u>	<u>2,635,000</u>	<u>3,111,000</u>	<u>1,136,000</u>
TOTAL PRIMARY GOVERNMENT	8,495,134	2,644,625	3,175,858	7,963,901	1,953,469
<b>COMPONENT UNITS</b>					
Road Commission					
Installment purchase agreements	29,360	-	29,360	-0-	-
Accumulated compensated absences	<u>188,933</u>	<u>59,126</u>	<u>-</u>	<u>248,059</u>	<u>-</u>
	218,293	59,126	29,360	248,059	-0-
Airport					
Loan payable	83,427	-	8,862	74,565	9,270
Board of Public Works					
Water and sewer bonds	9,600,778	5,111,090	5,865,000	8,846,868	1,020,000
Drainage Districts					
Drain notes and other debt	<u>152,518</u>	<u>-</u>	<u>42,101</u>	<u>110,417</u>	<u>42,101</u>
TOTAL COMPONENT UNITS	<u>10,055,016</u>	<u>5,170,216</u>	<u>5,945,323</u>	<u>9,279,909</u>	<u>1,071,371</u>
TOTAL REPORTING ENTITY	<u>\$18,550,150</u>	<u>\$ 7,814,841</u>	<u>\$ 9,121,181</u>	<u>\$17,243,810</u>	<u>\$ 3,024,840</u>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

**PRIMARY GOVERNMENT**

The Barry County Board of Commissioners is party to long-term lease agreements for rental of the Medical Care Facility Buildings, Courts and Law Building, and the Kellogg Community College Building from the Barry County Building Authority. The lease agreements stipulate that annual rentals will be paid by the County and local Government to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired on these buildings, the rentals will cease, title to the buildings will be transferred to the County, or local government where applicable, and any cash balances remaining with the Building Authority will be returned to the County, or local government where applicable. In accordance with MCGA Statement 1 the 1994 Building Authority Medical Care Facility Building debt is included in the business-type activities.

The Barry County Board of Commissioners is also party to three (3) long-term loan agreements. The proceeds of these loans were used to defray the cost of acquisition of computer equipment and additional County offices space.



## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED****PRIMARY GOVERNMENT - CONTINUED**

Bonds and loans payable at December 31, 2004 for the governmental activities are as follows:

\$1,860,000 Building Authority Courts and Law Building Refunding Bonds, Series 2003, dated October 15, 2003, due in annual installments ranging from \$175,000 to \$240,000 through June 1, 2012, with interest ranging from 2.0 to 3.6 percent, payable semi-annually.	\$ 1,685,000
\$1,935,000 Building Authority Kellogg Community College Refunding Bonds, Series 2003, dated October 1, 2003, due in annual installments ranging from \$225,000 to \$265,000 through November 1, 2011, with interest ranging from 2.0 to 3.375 percent, payable semi-annually.	1,710,000
\$950,000 Building Authority Bonds, Series 2002, dated July 25, 2002, due in annual installments ranging from \$25,000 to \$75,000 through July 1, 2021, with interest ranging from 4.9 to 6.0 percent, payable semi-annually.	<u>885,000</u>
Total Direct County Obligations	<u>\$ 4,280,000</u>

**Advanced Refunding - Prior**

On October 1, 2003 the County defeased the entire outstanding balance, \$1,850,000, of the 1996 Building Authority Bonds which were due and payable November 1, 2011. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of \$1,935,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2004, bonds due and payable November 1, 2011 for 1996 Building Authority Bonds in the amount of \$1,650,000 are considered defeased.

On December 8, 2003 the County defeased the entire outstanding balance, \$1,775,000, of the 1993 Building Authority Bonds which were due and payable through December 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of \$1,860,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2004, bonds due and payable December 1, 2012 for 1993 Building Authority Bonds in the amount of \$1,650,000 are considered defeased.

**Accumulated Compensated Absences - Governmental Activities**

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$300,358 and \$199,982 for vacation and sick, respectively, at December 31, 2004. The amounts of \$335,228 and \$165,112 have been reported as current and noncurrent liabilities, respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

**Installment Loan - Governmental Activities**

\$263,225 installment loan payable, dated January 11, 2002, due in annual installments of \$52,645 through June 1, 2005 with interest of 5.09 percent, payable annually.

\$ 52,645

**Capital Lease - Governmental Activities**

Barry Substance Abuse has entered into one (1) lease purchase agreement, under act 99 PA of 1933, as amended, to finance the acquisition of office furniture and equipment. The liability for the office furniture and equipment is recorded in the government-wide financial statements. The cost of the office furniture and equipment amounted to \$24,129. This noninterest bearing capital lease has been recorded at the present value of the future minimum lease payments as of the date of their inception. This lease qualifies as a capital lease for accounting purposes because substantially all of the benefits and risks inherent in the ownership of the property rest with the Agency.

\$ 19,916

**Delinquent Tax Revolving Funds - General Obligation Limited Tax Notes - Business-type Activities**

The County issues General Obligation Limited Tax Notes in order to finance the purchase of delinquent real property taxes from the Cities, Villages, and Townships in the county, and from various County funds. These notes have varying maturities less than three years and are paid from delinquent tax collections. Delinquent property taxes receivable are pledged as collateral for the repayment of the outstanding delinquent tax notes.

The following represents the amount outstanding at December 31, 2004, for the General Obligation Limited Tax Notes:

\$2,600,000 Series 2003, G.O. Limited Tax Notes, dated May 25, 2004. The bonds are due in varying maturities approximately every 30 days with final payment due on June 15, 2007. Interest rates shall be variable which does not exceed 11.5%.

\$ 1,011,000

The bonds are due on the fifteenth day of each month in an amount equal to not less than 90% of the pledged delinquent taxes, interest, and County tax administration fees collected in the preceding month and remaining after providing for payment of interest due on the notes on said redemption date in increments of \$1,000 or multiples thereof at a redemption price equal to 100 percent of the principal redeemed, and accrued interest to the date of redemption, without premium.

Due to these terms, it is not possible to anticipate the amount of principal and interest that will be due each year.

By Statute, the County legal debt limit is restricted to ten percent (10%) of the equalized value of property in the County. At December 31, 2004, the County's debt limit amounts to \$141,747,269, and the long-term debt subject to the limitation is \$16,495,411.

**Thornapple Manor Fund - General Obligation Bonds - Business-type Activities**

Bonds payable at December 31, 2004 for the Medical Care Facility business-type activities are as follows:

\$2,395,000 Building Authority - Medical Care Facility Bonds, dated September 1, 1994, due in annual installments ranging from \$125,000 to \$225,000 through July 1, 2017, with interest ranging from 5.3 to 6.0 percent, payable semi-annually.

\$ 2,100,000

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED****COMPONENT UNIT - ROAD COMMISSION**Accumulated Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$95,893 and \$152,166 for vacation and sick, respectively, at December 31, 2004. This amount, \$248,059, has been reported as a noncurrent liability.

**COMPONENT UNIT - BOARD OF PUBLIC WORKS**

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County through the Board of Public Works has constructed sewage disposal systems for Thornapple and Barry Townships, Gun Lake Sewer Authority, Southwest Barry Sewer Authority, and the Village of Middleville and is currently constructing a water tower in Yankee Springs Township. The County is leasing them to the local municipalities, who are operating, maintaining, and managing the systems. General Obligation bonds were sold with the full faith and credit of the local municipalities, and County pledged to the payment pursuant to Act 185, Public Acts of Michigan 1957, as amended. The principal and interest on bonds outstanding are to be paid out of money received from the local municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the respective bond issues, ownership of the assets will revert to the local municipalities.

Bonds payable at December 31, 2004, per respective construction projects serviced from the Debt Service Funds of the Board of Public Works are as follows:

\$4,665,000 Southwest Barry County Sewage Disposal System Refunding Bonds dated May 1, 2004, due in annual installments ranging from \$715,000 to \$850,000 through November 1, 2010, with interest ranging from 1.65 to 3.15 percent, payable semi-annually.	\$ 4,665,000
\$1,870,000 Middleville Sanitary Sewer System Refunding Bonds dated October 15, 2003, due in annual installments ranging from \$160,000 to \$220,000 through November 1, 2014, with interest ranging from 2.0 to 3.8 percent, payable semi-annually.	1,835,000
\$1,110,000 Barry Township-Fair Lake Sewage Disposal System Extension Bonds dated August 1, 1998 due in annual installment of \$60,000 to \$65,000 through May 1, 2017 with interest of 4.35 to 4.9 percent, payable semi-annually.	825,000
\$1,125,000 Middleville Sanitary Sewer System Bonds dated February 1, 1999, due in annual installments ranging from \$50,000 to \$75,000 through October 1, 2018, with interest ranging from 4.0 to 4.8 percent, payable semi-annually.	900,000
\$650,000 Water Supply System Bonds dated June 26, 2003, maturity of which is not yet known. The County draws on the bonds as project expenditures are submitted. At project completion a maturity schedule will be set. Interest on the outstanding balance of 2.5 percent is payable semi-annually. Due to the unknown maturity schedule, it is not possible to anticipate the amount of principal and interest that will be due each year.	621,868
	<u>\$ 8,846,868</u>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED**Advanced Refunding - Current

On May 1, 2004 the County defeased the entire outstanding balance, \$4,665,000, of the 1993 Southwest Barry County Sewage Disposal System General Obligation Limited Tax Bonds which were due and payable May 1, 2010. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Southwest Barry County Sewage Disposal System General Obligation Limited Tax 2004 Refunding Bonds in the amount of \$4,665,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2004, bonds due and payable May 1, 2010 for 1993 Southwest Barry County Sewage Disposal System General Obligation Limited Tax Bonds in the amount of \$4,665,000 are considered defeased.

As a result of the advance refunding, the County decreased its total debt service requirements by \$524,732, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$206,067.

COMPONENT UNIT - DRAINAGE DISTRICTS

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes and amounts owed to other governmental units. These projects, except for the Collier-Mud Creek project, which is administered by Eaton County, are administered by the Barry County Drain Commission for various local drainage districts. The drain obligations were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Notes payable and amounts owed to other governmental units at December 31, 2004 per respective Drain projects serviced from the Debt Service Funds of the Drainage Districts are as follows:

Drain Notes

\$25,000 Winters and Extensions Drainage District Note dated November 15, 2000, due in annual installments of \$5,000 through June 1, 2005, with interest of 5.21 percent, payable annually.	\$ 5,000
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\$17,000 Early/Curtis Drainage District Note dated November 20, 2003, due in annual installments of \$5,667 through June 1, 2006, with interest of 2.91 percent, payable annually.	11,333
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	16,333
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Due to other governmental units

\$1,300,000 Collier-Mud Creek Intercounty Drain Drainage District Bonds, dated February 1, 1998, were issued for a project administered in Eaton County. The liability is split between Eaton, Barry, and Ionia Counties. The Barry County drainage district liability for this bond issue amounts to 24.18% of the face amount of the bonds. Payment is due in annual installments of \$31,434 through May 1, 2007 less any prepaids paid directly to Eaton County.	94,084
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TOTAL DRAINAGE DISTRICTS DRAIN NOTES AND OTHER OBLIGATIONS	<u>\$ 110,417</u>
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## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE H: LONG-TERM DEBT - CONTINUED****COMPONENT UNIT - AIRPORT****Loan Payable**

The component unit Airport (Special Revenue) Fund, a joint venture between Barry County and the City of Hastings is party to a long-term loan agreement. The proceeds of the loan were used to construct airplane taxi streets and an access road.

Significant details regarding outstanding long-term debt (including current portions) are presented below:

\$100,000 Airport installment loan payable dated August 20, 2002, due in annual installments ranging from \$9,270 to \$12,143 with interest of 4.6 percent, payable annually. \$ 74,565

The annual requirements to pay the debt principal and interest outstanding for the following bonds and loans are as follows:

**Primary Government**

Year Ending December 31,	<u>Direct County Obligations</u>		<u>Installment Loan</u>		<u>Capital Lease</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2005	\$ 550,000	\$ 255,243	\$ 52,645	\$ 2,717	\$ 4,596
2006	590,000	238,855	-	-	4,596
2007	580,000	221,586	-	-	4,596
2008	605,000	202,761	-	-	4,596
2009	660,000	181,488	-	-	1,532
2010-2014	2,295,000	544,985	-	-	-
2015-2019	950,000	151,975	-	-	-
2020-2021	150,000	8,756	-	-	-
	<u>\$ 6,380,000</u>	<u>\$ 1,805,649</u>	<u>\$ 52,645</u>	<u>\$ 2,717</u>	<u>\$ 19,916</u>

**Component Units**

Year Ending December 31,	<u>Drainage Districts Drain Bonds and Notes</u>		<u>Board of Public Works Water and Sewer Bonds</u>		<u>Airport Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 42,101	\$ 4,299	\$ 1,020,000	\$ 241,708	\$ 9,270	\$ 3,430
2006	37,101	2,412	980,000	220,366	9,696	3,004
2007	31,215	754	1,035,000	196,445	10,142	2,558
2008	-	-	1,080,000	168,335	10,609	2,090
2009	-	-	1,105,000	136,931	11,097	1,603
2010-2014	-	-	2,510,000	315,046	23,751	1,651
2015-2018	-	-	495,000	79,200	-	-
	<u>\$ 110,417</u>	<u>\$ 7,465</u>	<u>\$ 8,225,000</u>	<u>\$ 1,358,031</u>	<u>\$ 74,565</u>	<u>\$ 14,336</u>

\$621,868 outstanding principal on the 2003 Water Supply System Bonds - BPW are not included in the applicable schedule above since the bonds were not fully drawn and therefore the maturity schedule was not set as of December 31, 2004.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE I: EMPLOYEE RETIREMENT SYSTEM**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan. The retirement plan also includes employees that work for County departments, which are excluded from the financial statements.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

- Age 50 with 25 or more years of credited service
- Age 55 with 15 or more years of credited service
- Age 60 with 10 or more years of credited service
- Mandatory Retirement: None

Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Funding Policy

Covered employees can contribute between 0% and 10% of their annual salary to the retirement system. Employees hired prior to 1985 may be allowed to contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The County is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2004 the County's annual pension cost of \$987,062 for the plan was equal to the County's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2001, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

## PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Three (3) year trend information

	Year Ended December 31,		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actuarial value of assets	\$ 19,730,591	\$ 19,386,651	\$ 21,025,746
Actuarial accrued liability (AAL) (entry age)	26,673,502	27,151,679	29,580,622
Unfunded AAL	6,942,911	7,765,028	8,554,876
Funded ratio	74%	71%	71%
Covered payroll	11,711,650	10,625,853	11,267,166
UAAL as a percentage of covered payroll	59%	73%	76%
Annual pension cost	625,915	872,599	987,062
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

## COMPONENT UNIT - ROAD COMMISSION

The Barry County Board of Road Commissioners has a 401-K, single employer defined contribution plan, available to all employees of the Road Commission. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will received depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and the forfeitures of other participant's account. All employees who are at least 21 years old and have completed six months of service are eligible to participate.

The plan allows each employee to determine his/her own contribution, up to 60% of his or her salary, according to current provisions of the Internal Service Code. The Road Commission contributes 10% of the employees' salary. These contributions are not dependent of the participation of the employees. The plan uses the accrual basis of accounting with investments stated at market.

Employees are allowed to borrow from their account and at December 31, 2004, the outstanding loan balances were \$128,455. Employee and employer contributions are paid to the plan on each payroll date (bi-weekly) and for the year ending December 31, 2004; the Road Commission's contribution to the plan was \$146,758. Employee contributions to the plan were \$166,085 for 2004. Total 2004 payroll of the Road Commission was \$1,982,633, and total covered payroll was \$1,465,910. The Road Commission's contributions represent 10% of covered payroll and the employees' contributions represent 11.33% of covered payroll.

**NOTE J: CONTINGENT LIABILITIES**

The County participates in a number of Federal and State assisted grant programs that are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE J: CONTINGENT LIABILITIES - CONTINUED**

There are various legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability and that would not be covered by insurance and reserves, if any, are considered by County Management and Legal Counsel to be immaterial.

**NOTE K: RISK MANAGEMENT**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Primary Government

The County is self-insured for health, workers' compensation, and disability. Each participating fund of the County makes payments to the respective self-insurance Internal Service Fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

The County is self insured for health insurance up to \$35,000 for each covered person up to an aggregate amount of \$1,000,000 annually per person. The County is insured for the amount of claims in excess of the \$35,000 up to \$1,000,000 annually per person. The County is then self-insured for annual aggregate claims per person in excess of the \$1,000,000 insurance coverage. The program is administered by Blue Cross and Blue Shield of Michigan, which furnish claims review and processing.

The County is completely self-insured for disability benefits. The plan covers all employees except employees at the Mental Health and Medical Care facilities. The Disability Benefits Plan basically provides benefits of 67% of current wages up to a maximum of \$350 per week, for a period not to exceed 52 weeks. The program is administered by Fortis Benefits Insurance Company, which furnishes claims review and processing.

The County is self-insured for workers' compensation up to \$275,000 for each loss up to an aggregate amount of \$3,000,000 for a two (2) year period. The County is insured for the amount of claims in excess of such limitation to a maximum of \$5,000,000 for each occurrence. The County is then self-insured for annual aggregate claims in excess of insurance coverage. The program is administered by a Service Agency that furnishes claims review and processing.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Barry County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:



## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE K: RISK MANAGEMENT - CONTINUED**

## PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

<u>Maximum Retention Type of Risk</u>	<u>Per Occurrence</u>
General and auto liability	\$ 75,000
Motor vehicle physical damage	15,000
Property coverage	10,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expenses as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Barry County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$166,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$166,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund is insufficient to fund Barry County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

At December 31, 2004, the County had funds on deposit of \$171,101 with the Authority and reserves for reported claims of \$2,487.

**Blended Component Unit**

Thornapple Manor is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees.

Thornapple Manor, as part of the County, participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to general and auto liability (including medical malpractice), auto physical damage and property loss claims. The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Thornapple Manor is insured for workers' compensation claims via a policy with a commercial carrier.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE K: RISK MANAGEMENT - CONTINUED****PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED**

Thornapple Manor is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at December 31, 2004.

Thornapple Manor, as part of the county, is self insured for employee medical benefit claims. Thornapple Manor estimates the liability (included in accounts payable) for employee medical benefit claims incurred through the end of the year, including both those claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past year was as follows:

	<u>2004</u>
Estimated liability - Beginning of the year	\$ 75,000
Estimated claims incurred, including changes in estimates	878,535
Claims payments	<u>( 953,535 )</u>
Estimated liability - End of the year	<u>\$ -0-</u>

**COMPONENT UNIT - ROAD COMMISSION**

Barry County Road Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

Barry County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

Barry County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission also has self-insurance for worker's compensation as a member of the County Road Association Self-Insurance Fund. The Road Commission's employee medical benefits insurance is purchased through Blue Cross and Blue Shield.

At December 31, 2004, there were no claims that exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE L: PROPERTY TAXES AND TAX RECEIVABLE**

The County property tax is levied each December 1 on the taxable valuation of property located in the County as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next February.

Although the County's 2003 ad valorem tax is levied and collectible by December 31, 2004, it is the County's policy for all governmental fund types to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over the next three years from winter to summer.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Barry County for the 2003 levy had a taxable value of \$1,417,472,692 on which ad valorem taxes levied for County general operating purposes was 5.5937 mills. The County Parks and Recreation, Commission on Aging, Central Dispatch, and Thornapple Manor Funds levied .2330, .2330, .9528, and .8208 mills, respectively.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General, Special Revenue, Debt Service, and Enterprise Funds. The property tax levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the General, Parks and Recreation, Commission on Aging, Central Dispatch (Special Revenue), and Thornapple Manor (Enterprise) Funds.

Taxes receivable recorded in the respective funds at December 31, 2004, are as follows:

Taxes Receivable	General	Special Revenue				Enterprise		Total
		Central Dispatch	Revenue Sharing Reserve	Parks and Recreation	Commission on Aging	Delinquent Tax Revolving Funds	Thornapple Manor	
Current	\$ 5,577,711	\$ 1,425,084	\$ 2,788,855	\$ 348,367	\$ 348,367	\$ -	\$ 1,227,681	\$11,716,065
Delinquent	-	-	-	-	-	1,215,572	-	1,215,572
	<u>\$ 5,577,711</u>	<u>\$ 1,425,084</u>	<u>\$ 2,788,855</u>	<u>\$ 348,367</u>	<u>\$ 348,367</u>	<u>\$ 1,215,572</u>	<u>\$ 1,227,681</u>	<u>\$12,931,637</u>

The delinquent taxes receivable represents unpaid real property taxes in the Delinquent Tax Revolving Funds.

By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1, and records a corresponding delinquent taxes receivable.

These receivables are pledged to a bank for the payment of the notes payable, the proceeds of which were used to liquidate the amounts owed to the General, Special Revenue and Enterprise Funds and other taxing authorities. Subsequent collection on the delinquent taxes receivable, plus interest and administration fees thereon, and investment earnings are used to service the notes payable.

At the end of three (3) years any real property taxes not collected are charged back to the General, Special Revenue, and Enterprise Funds and all other taxing authorities affected. Past experience has indicated that such chargebacks should not be material and, as a result there has been no establishment of an amount for uncollectible taxes receivable in any of the funds. This activity is accounted for in the Delinquent Tax Revolving Funds.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE M: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the County has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2004:

**PRIMARY GOVERNMENT**

## General Fund

Reserved for other purposes

Advances to other funds

Family counseling

\$ 45,085

26,740

71,825

## Nonmajor governmental funds

Reserved for other purposes

Grant expenditures

Debt service

Perpetual care

48,998

96,049

26,785171,832

## TOTAL PRIMARY GOVERNMENT

243,657

**COMPONENT UNITS**

## Drainage Districts

Reserved for debt service

198,399

## Board of Public Works

Reserved for debt service

5,047

## Airport

Reserved for prepaids

Reserved for capital improvements

294

72,526

## TOTAL COMPONENT UNITS

276,266

## TOTAL REPORTING ENTITY

\$ 519,923

The following are the various fund balance designations as of December 31, 2004:

**PRIMARY GOVERNMENT**

Designated for other purposes

Central Dispatch

Designated for capital expenditures

Nonmajor governmental funds

Designated for special projects

\$ 125,000

9,558

## TOTAL PRIMARY GOVERNMENT

134,558

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE M: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED**

## COMPONENT UNITS

Drainage Districts	
Designated for capital expenditures	\$ 10,889
Board of Public Works	
Designated for capital expenditures	<u>215,464</u>
TOTAL COMPONENT UNITS	<u>226,353</u>
TOTAL REPORTING ENTITY	<u>\$ 360,911</u>

**NOTE N: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2004:

## PRIMARY GOVERNMENT

## Governmental activities

## Restricted for

## Public safety

911 Central dispatch	\$ 1,242,459
Victims Services Unit	22,048
Township Police Services	3,471
Community Corrections	181
Adult Drug Court	4,850
Juvenile Drug Court	77
Justice training	12,718
Law enforcement	18,684
Technology (BIP)	155
Special investigation	25,277
Crime victims rights week	35,625
Middleville police services	<u>27,824</u>

\$ 1,393,369

## Debt service

Jail expansion	\$ 6,116
Friend of the Court renovation	4,547
Building Authority Courts and Law	80,546
City Hall	<u>4,840</u>

\$ 96,049

## Other purposes

Revenue Sharing Reserve	\$ 2,170,605
Animal Shelter Donation	126,988
New Building	20,147
MSHDA - HOME	663
Perpetual Care	26,785

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE N: RESTRICTED NET ASSETS - CONTINUED**

## PRIMARY GOVERNMENT - CONTINUED

## Other purposes - continued

Friend of the Court	\$ 38,762
Solid waste planning	138,378
Register of Deeds automation	107,362
Budget stabilization	120,127
Law library	40,696
Childcare activities	815,073
CDBG Housing	48,998
Veteran trust	3,427
Museum building	193,313
COA building	10,674
Building rehabilitation	263,803
Commission on Aging	105,250
Workers' Compensation	388,700
Health Insurance	138,920
Fringe Benefits	1,851,282
Retirement	351,382
Dental and Optical	30,650
Unemployment	<u>5,268</u>

\$ 6,997,253

## Business-type activities

## Other purposes - Medical Care activities

Thornapple Manor	<u>\$ 4,532,534</u>
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## COMPONENT UNITS

## Restricted for debt service

Drainage Districts	\$ 197,425
Board of Public Works	<u>5,047</u>

\$ 202,472

## Restricted for other purposes

Drainage Districts	
Restricted for drainage projects	\$ 77,440
Board of Public Works	
Restricted for BPW projects	215,464
Road Commission	
Restricted for county roads	3,130,197
Airport	
Restricted for airport activities	71,534
Economic Development	
Restricted for economic development	<u>56,666</u>

\$ 3,551,301

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE O: FLEXIBLE BENEFITS PLAN**

In January 1989 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. No formal plan documents were present for the plan. The plan, available to all employees who are eligible for medical, dental, and other benefit plans provided by the County, permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to required premium payments, or medical expense reimbursement benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by Barry County.

**NOTE P: POST-EMPLOYMENT HEALTH CARE BENEFITS**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

In addition to providing pension benefits, the County provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired. The County has a self-insured health program which pays for claims (less deductible and co-pay) in accordance with the group that the employee retired from. For most retirees this is for the ages 60 to 65, and no retiree contribution is required. For some Sheriff Department retirees, the age is 50 or 55, but they must contribute to the program. At age 65, all retirees must contribute to the program in order to continue coverage. The activity related to the process is accounted for in the Fringe Benefits (Internal Service) Fund. The fund charges the applicable fund that the employee worked for a cost related to each retiree based on administratively determined percentage. The Internal Service Fund recognizes these charges as revenue and the payments of insurance as expense. Currently, twenty (20) retirees meet those eligibility requirements. Expenditures for post-employment health care benefits are recognized when claims are paid. During the year, expenditures of \$85,801 were recognized for post-employment health care.

The County also pays the life insurance premium for those retirees who ask for coverage under a \$5,000 policy. The total monthly premium was \$1.90 until the cost increases to \$5 per month at which time the retiree must absorb the difference. In 2004 fifty-one (51) retirees were covered at a cost of \$1,163 to the County. Expenditures are recognized as the insurance premiums become due.

**COMPONENT UNIT - ROAD COMMISSION**

As of January 1, 2003, Barry County Road Commission changed their policy for providing hospitalization medical coverage for their employees following retirement. Per the policy in place as of December 31, 2002, Barry County Road Commission provided hospitalization medical coverage and life insurance on a complimentary basis for any employee who retired at age 55 with at least eight years of service. Barry County Road Commission continues to provide life insurance using the same parameters. Four (4) current employees and one (1) who retired during the year ended December 31, 2003, were grandfathered in under the previous policy.

As of January 1, 2005, Barry County Road Commission added a policy for providing \$10 per month for every year of service for their association employees retiring from January 1, 2003 to November 1, 2006. These employees must be at least 55 years of age and have at least 20 years of service. This would become effective upon retirement or January 1, 2005, whichever comes latest. Amount shall be paid until the employee is deceased. If a slot is open for health insurance through the Road Commission and the retiree chooses to be carried through the Road Commission, the current Health Insurance Cancellation Policy will apply. This is contingent upon the Employee's Association acceptance. All other current employees receive no health benefits upon retirement.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE P: POST-EMPLOYMENT HEALTH CARE BENEFITS - CONTINUED**

## COMPONENT UNIT - ROAD COMMISSION - CONTINUED

The benefits are provided based on requirements of employee contracts and are financed on a pay-as-you-go basis. For the year ended December 31, 2004, Barry County Road Commission expended \$131,607 for 36 participants currently eligible to received benefits.

## UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, *Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2007.

**NOTE Q: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

In the body of the financial statements, the County's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the County have been adopted at the activity level for the General Fund and the fund level for the Special Revenue Funds.

During the year ended December 31, 2004, the County incurred expenditures in the General Fund and one (1) Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Public safety			
Secondary road patrol	\$ 103,902	\$ 128,449	\$ 24,547
Animal Control	190,912	192,507	1,595
Health and welfare			
Medical examiner	76,050	85,588	9,538
Other financing uses			
Operating transfers to other funds			
Building rehabilitation	20,300	215,589	195,289
Vehicle	123,240	220,283	97,643
Data Processing	143,115	338,404	195,289
Supervised parenting	-	309	309
School liaison	-	21,240	21,240
Nonmajor governmental funds			
Substance abuse	252,905	292,996	40,091



## NOTES TO FINANCIAL STATEMENTS

December 31, 2004

**NOTE R: PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were made during the year, which were the result of the correction of accounting errors. These adjustments were reported as a change to beginning net assets. The effect on operations and other affected balances for the current and prior period are as follows:

	December,		
	<u>2004</u>	<u>2003</u>	<u>Description</u>
PRIMARY GOVERNMENT			
Governmental activities			
Current portion of long-term debt	\$ -	\$ 52,645	Correct understatement
Noncurrent portion of long-term debt	-	52,645	of long-term debt
Net assets - beginning	( 105,290 )	-	
Business-type activities			
Transit			
Due from other governmental units	-	( 7,583 )	Correct overstatement
Net assets - beginning	( 7,583 )	-	of due from other
Net income	-	( 7,583 )	governmental units

**NOTE S: ENDOWMENT FUND HELD BY THIRD PARTIES**

## COMPONENT UNIT - THORNAPPLE MANOR

Thornapple Manor is the beneficiary of a trust, which is maintained by an outside trustee, the Barry Community Foundation. The balance in the trust was approximately \$45,000 at December 31, 2004 and 2003. Approximately \$25,000 of this balance is available for distribution to the Facility.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes				
Current and delinquent property taxes	\$ 7,676,766	\$ 7,776,766	\$ 7,787,398	\$ 10,632
Payments in lieu of taxes	4,000	4,000	6,301	2,301
Mobile home park taxes	4,000	4,000	7,041	3,041
Industrial and commercial facility tax	11	11	188	177
Total taxes	7,684,777	7,784,777	7,800,928	16,151
Licenses and permits				
Gun permits	4,000	5,000	10,894	5,894
Dog licenses	75,500	75,500	85,512	10,012
Marriage license fees	8,210	8,210	8,480	270
Planning services	46,000	60,000	60,295	295
Total licenses and permits	133,710	148,710	165,181	16,471
Intergovernmental - Federal/State				
Emergency management	24,850	187,850	188,650	800
Hazard Mitigation	39,000	-	-	-0-
Exercise grant	-	12,000	10,112	(1,888)
Equipment grant	-	60,600	60,523	(77)
Training grant	-	1,000	1,266	266
Cooperative reimbursement - medical	24,000	24,000	15,792	(8,208)
Community oriented policing	-	3,500	2,318	(1,182)
ADC maintenance assistance	30,000	131,000	187,679	56,679
Cooperative reimbursement				
Friend of the court	490,000	490,000	500,956	10,956
Prosecuting attorney	30,689	30,689	36,715	6,026
Probate court judge	133,919	133,919	138,305	4,386
Circuit court judge	45,724	45,724	45,724	-0-
District court judge	45,724	45,724	45,724	-0-
State court fees	275,778	308,000	308,834	834
Jury fees	-	-	4,164	4,164
District court case flow assistance	8,000	10,000	10,688	688
Voter aid registration	1,000	1,000	1,086	86
Sheriff secondary road patrol	95,960	95,000	93,968	(1,032)
Sheriff equipment grant	-	-	22,750	22,750
SAP grant	-	10,000	7,635	(2,365)
Cigarette tax	27,378	32,000	32,640	640
Marine safety	46,768	46,768	34,495	(12,273)
Victims right act	350	23,350	44,528	21,178
Convention and tourism tax	121,790	121,790	120,551	(1,239)
Revenue sharing - per capita	1,007,290	337,850	337,853	3

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Intergovernmental - Federal/State - continued				
Liquor law enforcement	\$ 5,500	\$ 5,500	\$ 5,792	\$ 292
Other	1,550	1,550	879	(671)
Total intergovernmental - Federal/State	2,455,270	2,158,814	2,259,627	100,813
Intergovernmental - Local				
Drainage district	-	115,000	-	(115,000)
Airport appropriation	-	35,000	35,000	-0-
Total intergovernmental - Local	-0-	150,000	35,000	(115,000)
Charges for services				
Circuit Court	279,850	266,850	251,851	(14,999)
District Court	571,500	555,500	552,338	(3,162)
Friend of the Court	25,000	39,000	42,715	3,715
Probate Court	-	28,000	31,205	3,205
County Treasurer	1,260	1,260	3,590	2,330
County Clerk	78,130	66,130	71,708	5,578
Sewer administration fee	-	8,200	8,250	50
Register of Deeds	375,750	315,750	310,229	(5,521)
Real estate transfer tax	180,000	255,000	251,805	(3,195)
Mapping department	80,000	5,000	9,536	4,536
Juvenile Court	36,360	20,360	23,121	2,761
Sheriff Department	132,900	62,900	78,787	15,887
Record copying	92,500	80,500	86,664	6,164
Pay phone commissions	-	-	16,969	16,969
Other sales	13,500	17,800	20,662	2,862
Other	8,625	10,625	10,842	217
Total charges for services	1,875,375	1,732,875	1,770,272	37,397
Fines and forfeits				
Bond forfeitures	15,000	10,000	11,405	1,405
Ordinance fines and costs	14,000	14,000	16,358	2,358
Total fines and forfeits	29,000	24,000	27,763	3,763
Interest and rents				
Interest on investments	275,000	135,000	156,328	21,328
Rents	60,160	60,160	60,080	(80)
Total interest and rents	335,160	195,160	216,408	21,248

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES - CONTINUED				
Other				
Reimbursements and refunds	\$ 56,892	\$ 88,000	\$ 87,415	\$ (585)
Family counseling reserve	22,000	18,000	-	(18,000)
Other	1,000	1,000	1,759	759
Total other	79,892	107,000	89,174	(17,826)
TOTAL REVENUES	12,593,184	12,301,336	12,364,353	63,017
OTHER FINANCING SOURCES				
Operating transfers from other funds				
Delinquent tax revolving	140,000	140,000	140,000	-0-
Abstract	100,000	175,000	-	(175,000)
Revenue sharing reserve	-	690,916	618,250	(72,666)
TOTAL OTHER FINANCING SOURCES	240,000	1,005,916	758,250	(247,666)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$12,833,184</u>	<u>\$13,307,252</u>	<u>\$13,122,603</u>	<u>\$ (184,649)</u>

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Board of Commissioners	\$ 219,214	\$ 219,214	\$ 201,643	\$ 17,571
Circuit Court	493,944	451,289	399,377	51,912
District Court	873,910	917,849	863,351	54,498
Jury board	3,575	3,575	2,898	677
Probate Court	688,312	722,130	680,112	42,018
Adult probation	13,242	13,242	12,415	827
County Administrator	227,712	218,194	216,934	1,260
Elections	77,300	77,300	45,901	31,399
Legal counsel	50,000	50,000	48,716	1,284
Clerk	403,655	416,584	388,726	27,858
Equalization	180,859	189,975	185,519	4,456
Prosecuting Attorney	624,152	656,939	645,069	11,870
Register of Deeds	179,793	183,642	176,321	7,321
Land information services	182,453	191,112	184,218	6,894
Treasurer	220,889	226,694	221,520	5,174
Cooperative extension	133,086	138,243	136,639	1,604
Courthouse and grounds	416,841	425,467	397,484	27,983
Drain commissioner	117,851	119,894	118,805	1,089
Other	474,434	305,552	179,186	126,366
Total general government	5,581,222	5,526,895	5,104,834	422,061
Public safety				
Sheriff	1,851,931	1,917,232	1,901,207	16,025
Secondary Road Patrol	99,598	103,902	128,449	(24,547)
Marine safety	91,102	91,102	88,368	2,734
Emergency services	103,421	298,305	288,463	9,842
Jail	1,247,662	1,260,808	1,245,153	15,655
Animal control	183,011	190,912	192,507	(1,595)
Total public safety	3,576,725	3,862,261	3,844,147	18,114
Public works				
Department of public works	48,934	49,195	47,472	1,723

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Health and welfare				
District Health department	\$ 355,875	\$ 364,665	\$ 364,530	\$ 135
Health department building	111,611	113,612	91,792	21,820
Soldiers and sailors relief	3,500	4,500	3,835	665
Medical examiner	66,050	76,050	85,588	(9,538)
Veterans counselor	14,325	15,325	14,875	450
Veterans burials	39,250	39,250	35,086	4,164
Mental health	154,500	154,500	154,500	-0-
Total health and welfare	745,111	767,902	750,206	17,696
Community and economic development				
Planning department	260,732	285,518	283,727	1,791
Recreation and cultural	-	10,000	10,000	-0-
Other				
Insurance and bonds	277,000	286,145	284,567	1,578
Capital outlay	74,322	92,597	92,312	285
TOTAL EXPENDITURES	10,564,046	10,880,513	10,417,265	463,248
OTHER FINANCING USES				
Operating transfers to other funds				
Adult Drug Court	9,133	9,133	9,133	-0-
County agriculture preservation	-	6,051	6,051	-0-
Building authority courts and law	229,463	229,463	229,463	-0-
Building rehabilitation	20,300	20,300	215,589	(195,289)
Friend of the Court	771,403	775,582	775,582	-0-
Law Library	500	500	500	-0-
Vehicle	123,240	123,240	220,883	(97,643)
Remonumentation	8,487	8,487	8,487	-0-
Master land use plan	-	25,000	25,000	-0-
Township Police Services	-	8,735	8,735	-0-
Jail Expansion	61,694	61,964	61,964	-0-
Data Processing	143,115	143,115	338,404	(195,289)
Friend of the Court Renovation	75,513	75,513	75,513	-0-
Solid Waste	1,250	1,250	1,250	-0-
Child Care Probate	498,247	498,247	498,247	-0-
Child Care Welfare	2,500	2,500	2,500	-0-
Social Welfare	21,500	8,500	8,500	-0-
Commission on Aging	15,000	15,000	15,000	-0-

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES - CONTINUED				
Operating transfers to other funds - continued				
Park	\$ 8,000	\$ 122,212	\$ 122,212	\$ -0-
McKeown Bridge Park	500	500	500	-0-
Supervised parenting	-	-	309	(309)
School liason	-	-	21,240	(21,240)
Substance abuse	60,895	60,276	60,276	-0-
TOTAL OTHER FINANCING USES	2,050,740	2,195,568	2,705,338	(509,770)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 12,614,786</u>	<u>\$ 13,076,081</u>	<u>\$ 13,122,603</u>	<u>\$ (46,522)</u>



## Barry County, Michigan

## Central Dispatch Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,320,880	\$ 1,320,880	\$ 1,326,126	\$ 5,246
Intergovernmental - Federal/State	114,000	114,000	124,784	10,784
Interest	9,000	9,000	19,239	10,239
Other	-	-	2,892	2,892
TOTAL REVENUES	1,443,880	1,443,880	1,473,041	29,161
EXPENDITURES				
Current				
Public safety	1,223,086	1,223,086	1,012,146	210,940
Capital outlay	640,000	640,000	536,858	103,142
TOTAL EXPENDITURES	1,863,086	1,863,086	1,549,004	314,082
EXCESS OF REVENUES (UNDER) EXPENDITURES	(419,206)	(419,206)	(75,963)	343,243
Fund balance, beginning of year	1,318,422	1,318,422	1,318,422	-0-
Fund balance, end of year	<u>\$ 899,216</u>	<u>\$ 899,216</u>	<u>\$ 1,242,459</u>	<u>\$ 343,243</u>

Barry County, Michigan

Revenue Sharing Reserve

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ -	\$ 957,376	\$ 2,788,855	\$ 1,831,479
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	957,376	2,788,855	1,831,479
OTHER FINANCING USES				
Operating transfers out	<u>-</u>	<u>(957,376)</u>	<u>(618,250)</u>	<u>339,126</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	-0-	-0-	2,170,605	2,170,605
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,170,605</u>	<u>\$ 2,170,605</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Barry County, Michigan  
Nonmajor Governmental Funds  
COMBINING BALANCE SHEET  
December 31, 2004

	Special		
	Parks and Recreation	Friend of the Court	Supervised Parenting
ASSETS			
Cash and cash equivalents	\$ 172,446	\$ 55,657	\$ -
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	348,367	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 520,813</u>	<u>\$ 55,657</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1,806	\$ -
Accrued liabilities	-	8,575	-
Due to other funds	1,800	6,514	-
Deferred revenue	348,367	-	-
TOTAL LIABILITIES	350,167	16,895	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	170,646	38,762	-
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>170,646</u>	<u>38,762</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 520,813</u>	<u>\$ 55,657</u>	<u>\$ -0-</u>

Revenue

Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonu- mentation	Museum Building
\$ 138,883	\$ 126,988	\$ 6,797	\$ 291,082	\$ (28,055)	\$ 193,313
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	53,370	-
-	-	-	-	-	-
<u>\$ 138,883</u>	<u>\$ 126,988</u>	<u>\$ 6,797</u>	<u>\$ 291,082</u>	<u>\$ 25,315</u>	<u>\$ 193,313</u>
\$ 505	\$ -	\$ -	\$ -	\$ 11,759	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
505	-0-	-0-	-0-	11,759	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9,558
138,378	126,988	6,797	291,082	13,556	183,755
-	-	-	-	-	-
<u>138,378</u>	<u>126,988</u>	<u>6,797</u>	<u>291,082</u>	<u>13,556</u>	<u>193,313</u>
<u>\$ 138,883</u>	<u>\$ 126,988</u>	<u>\$ 6,797</u>	<u>\$ 291,082</u>	<u>\$ 25,315</u>	<u>\$ 193,313</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2004

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park
ASSETS			
Cash and cash equivalents	\$ 449	\$ 263,803	\$ 5,038
Investments	10,225	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 10,674</u>	<u>\$ 263,803</u>	<u>\$ 5,038</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 31
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	31
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	10,674	263,803	5,007
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>10,674</u>	<u>263,803</u>	<u>5,007</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,674</u>	<u>\$ 263,803</u>	<u>\$ 5,038</u>

Revenue

New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
\$ 20,147	\$ 107,362	\$ -	\$ 22,048	\$ 3,386	\$ 2,923
-	-	119,696	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	431	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,147</u>	<u>\$ 107,362</u>	<u>\$ 120,127</u>	<u>\$ 22,048</u>	<u>\$ 3,386</u>	<u>\$ 2,923</u>
\$ -	\$ -	\$ -	\$ 162	\$ -	\$ -
-	-	-	-	-	871
-	-	-	-	-	2,052
-	-	-	-	-	-
-0-	-0-	-0-	162	-0-	2,923
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,147	107,362	120,127	21,886	3,386	-
-	-	-	-	-	-
<u>20,147</u>	<u>107,362</u>	<u>120,127</u>	<u>21,886</u>	<u>3,386</u>	<u>-0-</u>
<u>\$ 20,147</u>	<u>\$ 107,362</u>	<u>\$ 120,127</u>	<u>\$ 22,048</u>	<u>\$ 3,386</u>	<u>\$ 2,923</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2004

	Special		
	Technology (BIP) Grant	Drug Law Enforcement	Special Investigation
ASSETS			
Cash and cash equivalents	\$ 155	\$ 18,684	\$ 25,277
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 155</u>	<u>\$ 18,684</u>	<u>\$ 25,277</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	155	18,684	25,277
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>155</u>	<u>18,684</u>	<u>25,277</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 155</u>	<u>\$ 18,684</u>	<u>\$ 25,277</u>



Revenue

Crime Victims Rights Week	Law Library	Commission on Aging	CDBG Housing	Middleville Police Services	Township Police Services
\$ 35,625	\$ 41,343	\$ 58,723	\$ 48,998	\$ 16,844	\$ 1,675
-	-	-	-	-	-
-	-	-	-	-	169
-	-	348,367	-	-	-
-	-	-	-	-	-
-	-	10,300	-	-	2,052
-	-	-	-	-	-
-	-	42,027	-	14,500	-
<u>\$ 35,625</u>	<u>\$ 41,343</u>	<u>\$ 459,417</u>	<u>\$ 48,998</u>	<u>\$ 31,344</u>	<u>\$ 3,896</u>
\$ -	\$ 647	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,164	-
-	-	5,800	-	1,356	425
-	-	348,367	-	-	-
-0-	647	354,167	-0-	3,520	425
-	-	-	48,998	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,625	40,696	105,250	-	27,824	3,471
-	-	-	-	-	-
<u>35,625</u>	<u>40,696</u>	<u>105,250</u>	<u>48,998</u>	<u>27,824</u>	<u>3,471</u>
<u>\$ 35,625</u>	<u>\$ 41,343</u>	<u>\$ 459,417</u>	<u>\$ 48,998</u>	<u>\$ 31,344</u>	<u>\$ 3,896</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2004

	Special		
	MSHDA HOME Program	Community Corrections	Adult Drug Court
ASSETS			
Cash and cash equivalents	\$ 663	\$ (45,294)	\$ (45,404)
Investments	-	-	-
Receivables			
Accounts	2,000	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	46,985	52,464
Local	-	-	-
TOTAL ASSETS	<u>\$ 2,663</u>	<u>\$ 1,691</u>	<u>\$ 7,060</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,000	\$ -	\$ -
Accrued liabilities	-	1,510	2,144
Due to other funds	-	-	66
Deferred revenue	-	-	-
TOTAL LIABILITIES	2,000	1,510	2,210
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	663	181	4,850
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>663</u>	<u>181</u>	<u>4,850</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,663</u>	<u>\$ 1,691</u>	<u>\$ 7,060</u>

Revenue					
Juvenile Drug Court	Michigan Justice Training	Jail Population Information System	Social Welfare	Child Care Probate	Child Care Welfare
\$ (41,859)	\$ 12,718	\$ 3,924	\$ 160,670	\$ 788,449	\$ 6,859
-	-	-	10,065	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,607	-	-	-	68,183	-
-	-	-	-	-	-
<u>\$ 3,748</u>	<u>\$ 12,718</u>	<u>\$ 3,924</u>	<u>\$ 170,735</u>	<u>\$ 856,632</u>	<u>\$ 6,859</u>
\$ 2,129	\$ -	\$ -	\$ -	\$ 43,888	\$ -
887	-	-	-	2,428	-
655	-	3,924	-	2,102	-
-	-	-	-	-	-
3,671	-0-	3,924	-0-	48,418	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
77	12,718	-	170,735	808,214	6,859
-	-	-	-	-	-
<u>77</u>	<u>12,718</u>	<u>-0-</u>	<u>170,735</u>	<u>808,214</u>	<u>6,859</u>
<u>\$ 3,748</u>	<u>\$ 12,718</u>	<u>\$ 3,924</u>	<u>\$ 170,735</u>	<u>\$ 856,632</u>	<u>\$ 6,859</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2004

	Special		
	Vulnerable Adults	Veteran's Trust	Diverted Felons
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 2,434	\$ 68,023
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	993	16,834
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -0-</b>	<b>\$ 3,427</b>	<b>\$ 84,857</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	-	3,427	84,857
Capital projects funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-0-</b>	<b>3,427</b>	<b>84,857</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -0-</b>	<b>\$ 3,427</b>	<b>\$ 84,857</b>

Revenue			Debt Service		
Master Land Use Plan	County Agriculture Preservation	Substance Abuse	Jail Expansion	Friend of the Court Renovation	Building Authority Thornapple Manor Addition
\$ 44,525	\$ 4,669	\$ 46,975	\$ 6,116	\$ 4,547	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	52,006	-	-	-
-	-	-	-	-	-
<u>\$ 44,525</u>	<u>\$ 4,669</u>	<u>\$ 98,981</u>	<u>\$ 6,116</u>	<u>\$ 4,547</u>	<u>\$ -0-</u>
\$ 2,700	\$ -	\$ 535	\$ -	\$ -	\$ -
-	-	15,259	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,700	-0-	15,794	-0-	-0-	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,116	4,547	-
-	-	-	-	-	-
41,825	4,669	83,187	-	-	-
-	-	-	-	-	-
<u>41,825</u>	<u>4,669</u>	<u>83,187</u>	<u>6,116</u>	<u>4,547</u>	<u>-0-</u>
<u>\$ 44,525</u>	<u>\$ 4,669</u>	<u>\$ 98,981</u>	<u>\$ 6,116</u>	<u>\$ 4,547</u>	<u>\$ -0-</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2004

	Debt Service		
	Building Authority KCC	Building Authority Courts and Law	City Hall
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 80,546	\$ 4,840
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ -0-</u></u>	<u><u>\$ 80,546</u></u>	<u><u>\$ 4,840</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	-0-	-0-	-0-
<b>FUND BALANCES</b>			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	80,546	4,840
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<u><u>-0-</u></u>	<u><u>80,546</u></u>	<u><u>4,840</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ -0-</u></u>	<u><u>\$ 80,546</u></u>	<u><u>\$ 4,840</u></u>

Capital Projects	Permanent	Total Nonmajor Governmental Funds
Friend of the Court	Cemetery Perpetual Care	
\$ 24	\$ 120	\$ 2,733,136
-	26,386	166,372
-	-	2,169
-	-	696,734
-	279	710
-	-	12,352
-	-	336,442
-	-	56,527
<u>\$ 24</u>	<u>\$ 26,785</u>	<u>\$ 4,004,442</u>
\$ -	\$ -	\$ 66,162
-	-	33,838
-	-	24,694
-	-	696,734
-0-	-0-	821,428
-	-	48,998
-	26,785	26,785
-	-	96,049
-	-	9,558
-	-	3,001,600
24	-	24
<u>24</u>	<u>26,785</u>	<u>3,183,014</u>
<u>\$ 24</u>	<u>\$ 26,785</u>	<u>\$ 4,004,442</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2004

	Special		
	Parks and Recreation	Friend of the Court	Supervised Parenting
REVENUES			
Taxes	\$ 323,873	\$ -	\$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	-	-
Charges for services	148,915	9,840	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	80,460	-	-
TOTAL REVENUES	553,248	9,840	-0-
EXPENDITURES			
Current			
General government	-	748,803	309
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	431,923	-	-
Capital outlay	42,972	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	474,895	748,803	309
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	78,353	(738,963)	(309)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	122,212	775,582	309
Operating transfers out	(143,842)	-	-
Capital lease proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(21,630)	775,582	309
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	56,723	36,619	-0-
Fund balances, beginning of year	113,923	2,143	-
Fund balances, end of year	\$ 170,646	\$ 38,762	\$ -0-



Revenue

Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonu- mentation	Museum Building
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	93,488	-
155	-	719	-	-	150
19,688	-	-	93,178	-	-
-	-	-	-	-	-
-	-	-	-	-	224
24,399	-	-	-	-	2,294
44,242	-0-	719	93,178	93,488	2,668
-	-	-	-	88,419	-
-	558	-	-	-	-
38,830	-	-	-	-	-
-	-	1,061	-	-	-
-	-	-	-	-	3,925
-	9,258	-	-	-	-
-	-	-	-	-	-
38,830	9,816	1,061	-0-	88,419	3,925
5,412	(9,816)	(342)	93,178	5,069	(1,257)
1,250	-	-	-	8,487	143,842
-	-	-	-	-	-
-	-	-	-	-	-
1,250	-0-	-0-	-0-	8,487	143,842
6,662	(9,816)	(342)	93,178	13,556	142,585
131,716	136,804	7,139	197,904	-	50,728
<u>\$ 138,378</u>	<u>\$ 126,988</u>	<u>\$ 6,797</u>	<u>\$ 291,082</u>	<u>\$ 13,556</u>	<u>\$ 193,313</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2004

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	190	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	190	-0-	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	48,044	-
Health and welfare	-	-	-
Recreation and cultural	-	-	372
Capital outlay	-	196	-
Debt service	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-0-	48,240	372
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	190	(48,240)	(372)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	215,589	500
Operating transfers out	-	-	-
Capital lease proceeds	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-0-	215,589	500
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	190	167,349	128
Fund balances, beginning of year	<hr/> 10,484	<hr/> 96,454	<hr/> 4,879
Fund balances, end of year	<hr/> <u>\$ 10,674</u>	<hr/> <u>\$ 263,803</u>	<hr/> <u>\$ 5,007</u>

Revenue

New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	30,395
-	97,405	-	-	-	-
-	-	-	-	-	-
21,347	-	1,677	-	-	-
-	-	-	2,942	1,544	5,246
21,347	97,405	1,677	2,942	1,544	35,641
-	11,660	-	-	-	-
-	-	-	2,484	3,415	59,248
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,798	65,528	-	-	-	-
-	-	-	-	-	-
10,798	77,188	-0-	2,484	3,415	59,248
10,549	20,217	1,677	458	(1,871)	(23,607)
-	-	-	-	-	21,240
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	21,240
10,549	20,217	1,677	458	(1,871)	(2,367)
9,598	87,145	118,450	21,428	5,257	2,367
<u>\$ 20,147</u>	<u>\$ 107,362</u>	<u>\$ 120,127</u>	<u>\$ 21,886</u>	<u>\$ 3,386</u>	<u>\$ -0-</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2004

	Special		
	Technology (BIP) Grant	Drug Law Enforcement	Special Investigation
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	5,033	-
Interest and rents	-	-	178
Other	-	-	2,379
TOTAL REVENUES	-0-	5,033	2,557
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	2,873	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	2,873	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	2,160	2,557
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Capital lease proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-0-	2,160	2,557
Fund balances, beginning of year	155	16,524	22,720
Fund balances, end of year	\$ 155	\$ 18,684	\$ 25,277

Revenue

Crime Victims Rights Week	Law Library	Commission on Aging	CDBG Housing	Middleville Police Services	Township Police Services
\$ -	\$ -	\$ 323,880	\$ -	\$ -	\$ -
-	-	337,795	58,082	-	-
440	-	-	-	219,136	51,497
-	-	116,372	105,806	-	-
-	3,250	-	-	-	-
-	-	39	146	-	-
-	-	25,523	-	-	-
440	3,250	803,609	164,034	219,136	51,497
-	3,819	-	-	-	-
2,252	-	-	-	210,858	61,736
-	-	-	-	-	-
-	-	828,816	130,817	-	-
-	-	-	-	-	-
-	-	7,651	-	-	-
-	-	-	-	-	-
2,252	3,819	836,467	130,817	210,858	61,736
(1,812)	(569)	(32,858)	33,217	8,278	(10,239)
-	500	15,000	-	-	22,219
-	-	-	-	-	-
-	-	-	-	-	-
-0-	500	15,000	-0-	-0-	22,219
(1,812)	(69)	(17,858)	33,217	8,278	11,980
37,437	40,765	123,108	15,781	19,546	(8,509)
<u>\$ 35,625</u>	<u>\$ 40,696</u>	<u>\$ 105,250</u>	<u>\$ 48,998</u>	<u>\$ 27,824</u>	<u>\$ 3,471</u>

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2004

	Special		
	MSHDA HOME Program	Community Corrections	Adult Drug Court
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	96,338	142,531	200,172
Intergovernmental - local	-	-	-
Charges for services	-	-	6,123
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	-
TOTAL REVENUES	96,338	142,531	206,295
EXPENDITURES			
Current			
General government	-	-	195,545
Public safety	-	142,350	-
Public works	-	-	-
Health and welfare	95,675	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	95,675	142,350	195,545
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	663	181	10,750
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	9,133
Operating transfers out	-	-	-
Capital lease proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	9,133
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	663	181	19,883
Fund balances, beginning of year	-	-	(15,033)
Fund balances, end of year	\$ 663	\$ 181	\$ 4,850

Revenue					
Juvenile Drug Court	Michigan Justice Training	Jail Population Information System	Social Welfare	Child Care Probate	Child Care Welfare
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
114,049	6,771	-	10,480	379,958	338
-	-	-	-	49,823	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	713	-	-
-	-	-	-	-	-
114,049	6,771	-0-	11,193	429,781	338
117,235	-	-	-	-	-
-	3,264	-	-	-	-
-	-	-	-	-	-
-	-	-	20,208	767,455	3,537
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
117,235	3,264	-0-	20,208	767,455	3,537
(3,186)	3,507	-0-	(9,015)	(337,674)	(3,199)
-	-	-	8,500	498,247	2,500
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	8,500	498,247	2,500
(3,186)	3,507	-0-	(515)	160,573	(699)
3,263	9,211	-	171,250	647,641	7,558
\$ 77	\$ 12,718	\$ -0-	\$ 170,735	\$ 808,214	\$ 6,859

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2004

	Special		
	Vulnerable Adults	Veteran's Trust	Diverted Felons
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	-	6,714	64,424
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	-
TOTAL REVENUES	-0-	6,714	64,424
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	2,500	6,609	12,655
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	2,500	6,609	12,655
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,500)	105	51,769
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	(79,661)
Capital lease proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	(79,661)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(2,500)	105	(27,892)
Fund balances, beginning of year	2,500	3,322	112,749
Fund balances, end of year	\$ -0-	\$ 3,427	\$ 84,857



Revenue			Debt Service		
Master Land Use Plan	County Agriculture Preservation	Substance Abuse	Jail Expansion	Friend of the Court Renovation	Building Authority Thornapple Manor Addition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	277,910	-	-	-
-	-	58,589	-	-	-
-	-	209,693	-	-	-
-	-	-	-	-	-
-	-	-	-	54	-
-	-	11,567	-	-	-
-0-	-0-	557,759	-0-	54	-0-
33,175	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	511,242	-	-	-
-	1,382	-	-	-	-
-	-	24,129	-	-	-
-	-	-	61,963	75,000	224,200
33,175	1,382	535,371	61,963	75,000	224,200
(33,175)	(1,382)	22,388	(61,963)	(74,946)	(224,200)
25,000	6,051	-	61,964	75,513	224,200
-	-	-	-	-	-
-	-	24,129	-	-	-
25,000	6,051	24,129	61,964	75,513	224,200
(8,175)	4,669	46,517	1	567	-0-
50,000	-	36,670	6,115	3,980	-
\$ 41,825	\$ 4,669	\$ 83,187	\$ 6,116	\$ 4,547	\$ -0-

## Barry County, Michigan

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2004

	Debt Service		
	Building Authority KCC	Building Authority Courts and Law	City Hall
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	-	-	-
Intergovernmental - local	278,349	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	607	-
Other	-	2,482	-
TOTAL REVENUES	278,349	3,089	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	278,349	230,155	-
TOTAL EXPENDITURES	278,349	230,155	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(227,066)	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	229,463	-
Operating transfers out	-	-	-
Capital lease proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	229,463	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-0-	2,397	-0-
Fund balances, beginning of year	-	78,149	4,840
Fund balances, end of year	\$ -0-	\$ 80,546	\$ 4,840

Capital Projects	Permanent	Total Nonmajor Governmental Funds
Friend of the Court	Cemetery Perpetual Care	
\$ -	\$ -	\$ 647,753
-	-	1,789,050
-	186	689,439
-	-	807,020
-	-	8,283
24	-	25,199
8,000	-	166,836
8,024	186	4,133,580
-	-	1,198,965
-	-	489,038
-	-	86,874
-	-	2,380,575
-	-	437,602
55,000	-	215,532
-	-	869,667
55,000	-0-	5,678,253
(46,976)	186	(1,544,673)
16,177	-	2,483,478
-	-	(223,503)
-	-	24,129
16,177	-0-	2,284,104
(30,799)	186	739,431
30,823	26,599	2,443,583
\$ 24	\$ 26,785	\$ 3,183,014

## Barry County, Michigan

## Nonmajor Enterprise Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2004

	Delinquent Tax		
	2000	2001	2002
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 217,306
Accounts receivable	-	-	-
Delinquent taxes receivable	-	-	161,940
Due from other governmental units	-	-	-
Total current assets	-	-	379,246
Noncurrent assets			
Capital assets, net	-	-	-
TOTAL ASSETS	-	-	379,246
LIABILITIES			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
NET ASSETS			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	-	379,246
TOTAL NET ASSETS	\$ -0-	\$ -0-	\$ 379,246

<u>Revolving</u>				
<u>2004</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>	
\$ 19,978	\$ 13,615	\$ 179,775	\$ 430,674	
-	-	8,955	8,955	
-	-	-	161,940	
-	-	48,996	48,996	
19,978	13,615	237,726	650,565	
-	-	906,869	906,869	
19,978	13,615	1,144,595	1,557,434	
18,849	680	8,148	27,677	
-	-	14,460	14,460	
18,849	680	22,608	42,137	
-	-	906,869	906,869	
1,129	12,935	215,118	608,428	
<u>\$ 1,129</u>	<u>\$ 12,935</u>	<u>\$ 1,121,987</u>	<u>\$ 1,515,297</u>	

## Barry County, Michigan

## Nonmajor Enterprise Funds

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2004

	Delinquent Tax		
	2000	2001	2002
OPERATING REVENUES			
Interest and penalties on taxes	\$ 2,693	\$ 38,533	\$ 148,804
Charges for services	116	4,353	53,074
TOTAL OPERATING REVENUES	2,809	42,886	201,878
OPERATING EXPENSES			
Operating supplies	-	-	-
Interest expense	1,711	-	4,564
Other	-	-	3,129
TOTAL OPERATING EXPENSES	1,711	-0-	7,693
OPERATING INCOME (LOSS)	1,098	42,886	194,185
NONOPERATING REVENUES			
Intergovernmental	-	-	-
Interest revenue	-	732	703
TOTAL NONOPERATING REVENUES	-	732	703
INCOME (LOSS) BEFORE TRANSFERS	1,098	43,618	194,888
TRANSFERS (OUT)	(432,485)	(373,742)	-
CHANGE IN NET ASSETS	(431,387)	(330,124)	194,888
Net assets, beginning of year	431,387	330,124	184,358
Prior period adjustment	-	-	-
Net assets, end of year	\$ -0-	\$ -0-	\$ 379,246

<u>Revolving</u>			
<u>2004</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>
\$ 358	\$ -	\$ -	\$ 190,388
755	62,806	138,436	259,540
1,113	62,806	138,436	449,928
-	60,407	-	60,407
-	-	-	6,275
-	-	711,021	714,150
-0-	60,407	711,021	780,832
1,113	2,399	(572,585)	(330,904)
-	-	445,367	445,367
16	-	6,100	7,551
16	-0-	451,467	452,918
1,129	2,399	(121,118)	122,014
-	-	-	(806,227)
1,129	2,399	(121,118)	(684,213)
-	10,536	1,250,688	2,207,093
-	-	(7,583)	(7,583)
<u>\$ 1,129</u>	<u>\$ 12,935</u>	<u>\$ 1,121,987</u>	<u>\$ 1,515,297</u>

## Barry County, Michigan

## Nonmajor Enterprise Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

	Delinquent Tax		
	2000	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 4,813	\$ 159,081	\$ 1,016,153
Cash paid to employees	-	-	-
Cash paid to suppliers	(1,711)	-	(7,693)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,102	159,081	1,008,460
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental sources	-	-	-
Transfer out	(432,485)	(373,742)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(432,485)	(373,742)	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of borrowings	-	-	(946,000)
State and Federal capital assistance	-	-	-
Capital purchases	-	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	-0-	(946,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments	255,126	-	-
Interest received	-	732	703
NET CASH PROVIDED BY INVESTING ACTIVITIES	255,126	732	703
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,257)	(213,929)	63,163
Cash and cash equivalents, beginning of year	174,257	213,929	154,143
Cash and cash equivalents, end of year	\$ -0-	\$ -0-	\$ 217,306
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 1,098	\$ 42,886	\$ 194,185
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
Decrease in receivables	2,004	116,195	814,275
Increase (decrease) in accounts payable	-	-	-
Increase in accrued liabilities	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,102	\$ 159,081	\$ 1,008,460



<u>Revolving</u>			
<u>2004</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>
\$ 19,962	\$ 62,806	\$ 138,555	\$ 1,401,370
-	-	(307,983)	(307,983)
-	(59,826)	(264,138)	(333,368)
19,962	2,980	(433,566)	760,019
-	-	307,220	307,220
-	-	-	(806,227)
-0-	-0-	307,220	(499,007)
-	-	-	(946,000)
-	-	115,773	115,773
-	-	(137,087)	(137,087)
-0-	-0-	(21,314)	(967,314)
-	-	-	255,126
16	-	6,100	7,551
16	-0-	6,100	262,677
19,978	2,980	(141,560)	(443,625)
-	10,635	321,335	874,299
<u>\$ 19,978</u>	<u>\$ 13,615</u>	<u>\$ 179,775</u>	<u>\$ 430,674</u>
\$ 1,113	\$ 2,399	\$ (572,585)	\$ (330,904)
-	-	156,289	156,289
18,849	-	119	951,442
-	581	(22,188)	(21,607)
-	-	4,799	4,799
<u>\$ 19,962</u>	<u>\$ 2,980</u>	<u>\$ (433,566)</u>	<u>\$ 760,019</u>

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2004

	Data Processing	Telephone	Vehicle
ASSETS			
Current assets			
Cash and cash equivalents	\$ 205,201	\$ 19,603	\$ 249,294
Prepays	-	-	-
Due from other funds	-	3,601	-
Total current assets	205,201	23,204	249,294
Noncurrent assets			
Investments	-	-	-
Capital assets, net	75,329	-	234,144
Total noncurrent assets	75,329	-0-	234,144
TOTAL ASSETS	280,530	23,204	483,438
LIABILITIES			
Current liabilities			
Accounts payable	-	2,967	1,653
Accrued liabilities	3,115	-	-
Due to other funds	-	-	-
Current portion of long-term liabilities	52,645	-	-
TOTAL LIABILITIES	55,760	2,967	1,653
NET ASSETS			
Invested in capital assets, net of related debt	22,684	-	234,144
Restricted for employee benefits	-	-	-
Unrestricted	202,086	20,237	247,641
TOTAL NET ASSETS	\$ 224,770	\$ 20,237	\$ 481,785

<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Disability</u>	<u>Fringe</u> <u>Benefits</u>
\$ 389,338	\$ 138,920	\$ -	\$ 846,757
-	-	-	1,102
-	-	-	2,811
389,338	138,920	-0-	850,670
-	-	-	1,005,638
-	-	-	-
-0-	-0-	-0-	1,005,638
389,338	138,920	-	1,856,308
638	-	-	526
-	-	-	-
-	-	-	4,500
-	-	-	-
638	-0-	-0-	5,026
-	-	-	-
388,700	138,920	-	1,851,282
-	-	-	-
<u>\$ 388,700</u>	<u>\$ 138,920</u>	<u>\$ -0-</u>	<u>\$ 1,851,282</u>

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF NET ASSETS - CONTINUED

December 31, 2004

	Life Insurance	Retirement	Dental and Optical
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ 351,382	\$ (37,579)
Prepays	-	-	-
Due from other funds	-	-	74,029
	<u>-</u>	<u>-</u>	<u>74,029</u>
Total current assets	-0-	351,382	36,450
Noncurrent assets			
Investments	-	-	-
Capital assets, net	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	-0-	-0-	-0-
TOTAL ASSETS	-0-	351,382	36,450
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	5,800
Current portion of long-term liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	-0-	-0-	5,800
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted for employee benefits	-	351,382	30,650
Unrestricted	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ -0-</u>	<u>\$ 351,382</u>	<u>\$ 30,650</u>

<u>Unemployment</u>	<u>Total</u>
\$ 5,268	\$ 2,168,184
-	1,102
-	80,441
5,268	2,249,727
-	1,005,638
-	309,473
-0-	1,315,111
5,268	3,564,838
-	5,784
-	3,115
-	10,300
-	52,645
-0-	71,844
-	256,828
5,268	2,766,202
-	469,964
<u>\$ 5,268</u>	<u>\$ 3,492,994</u>

## Barry County, Michigan

## Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS

Year Ended December 31, 2004

	Data Processing	Telephone	Vehicle
OPERATING REVENUES			
Charges for services	\$ -	\$ 52,655	\$ -
Other	-	-	304
TOTAL OPERATING REVENUES	-0-	52,655	304
OPERATING EXPENSES			
Fringe benefits	-	-	-
Contracted services	127,729	40,456	3,372
Depreciation	61,634	-	101,516
Interest expense	5,434	-	-
Operating supplies	-	875	15,835
Other	895	-	-
TOTAL OPERATING EXPENSES	195,692	41,331	120,723
OPERATING INCOME (LOSS)	(195,692)	11,324	(120,419)
NONOPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(195,692)	11,324	(120,419)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	388,404	-	220,883
Operating transfers out	-	-	-
TOTAL FINANCING SOURCES (USES)	388,404	-0-	220,883
NET INCOME (LOSS)	192,712	11,324	100,464
Net assets, beginning of year	32,058	8,913	381,321
Net assets, end of year	\$ 224,770	\$ 20,237	\$ 481,785

<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Disability</u>	<u>Fringe</u> <u>Benefits</u>
\$ 157,606	\$ 1,500,994	\$ -	\$ -
3,725	-	-	1,265
161,331	1,500,994	-0-	1,265
61,186	1,612,074	80,536	(50,646)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
61,186	1,612,074	80,536	(50,646)
100,145	(111,080)	(80,536)	51,911
-	-	-	26,765
100,145	(111,080)	(80,536)	78,676
-	250,000	80,536	-
-	-	-	(337,053)
-0-	250,000	80,536	(337,053)
100,145	138,920	-0-	(258,377)
288,555	-	-	2,109,659
<u>\$ 388,700</u>	<u>\$ 138,920</u>	<u>\$ -0-</u>	<u>\$ 1,851,282</u>

## Barry County, Michigan

## Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - CONTINUED

Year Ended December 31, 2004

	Life Insurance	Retirement	Dental and Optical
OPERATING REVENUES			
Charges for services	\$ 18,574	\$ 1,021,073	\$ 74,029
Other	-	-	-
TOTAL OPERATING REVENUES	18,574	1,021,073	74,029
OPERATING EXPENSES			
Fringe benefits	20,591	865,560	79,603
Contracted services	-	-	-
Depreciation	-	-	-
Interest expense	-	-	-
Operating supplies	-	-	-
Other	-	-	-
TOTAL OPERATING EXPENSES	20,591	865,560	79,603
OPERATING INCOME (LOSS)	(2,017)	155,513	(5,574)
NONOPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(2,017)	155,513	(5,574)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,017	-	-
Operating transfers out	-	-	-
TOTAL FINANCING SOURCES (USES)	2,017	-0-	-0-
NET INCOME (LOSS)	-0-	155,513	(5,574)
Net assets, beginning of year	-	195,869	36,224
Net assets, end of year	\$ -0-	\$ 351,382	\$ 30,650



<u>Unemployment</u>	<u>Total</u>
\$ 11,280	\$ 2,836,211
-	5,294
11,280	2,841,505
10,903	2,679,807
-	171,557
-	163,150
-	5,434
-	16,710
-	895
10,903	3,037,553
377	(196,048)
-	26,765
377	(169,283)
4,500	946,340
-	(337,053)
4,500	609,287
4,877	440,004
391	3,052,990
\$ 5,268	\$ 3,492,994

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

	Data Processing	Telephone	Vehicle
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ -	\$ 52,655	\$ 304
Cash paid to suppliers	(137,084)	(44,891)	(24,883)
Cash paid for employee benefits	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(137,084)</b>	<b>7,764</b>	<b>(24,579)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	388,404	-	220,883
Transfers out	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>388,404</b>	<b>-0-</b>	<b>220,883</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments of borrowing	(52,645)	-	-
Sale of capital assets	-	-	13,000
Purchase of capital assets	-	-	(136,491)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(52,645)</b>	<b>-0-</b>	<b>(123,491)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	-	-	-
Maturity of investments	-	-	-
Purchase of investments	-	-	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>198,675</b>	<b>7,764</b>	<b>72,813</b>
Cash and cash equivalents, beginning of year	6,526	11,839	176,481
Cash and cash equivalents, end of year	<u>\$ 205,201</u>	<u>\$ 19,603</u>	<u>\$ 249,294</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (195,692)	\$ 11,324	\$ (120,419)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	61,634	-	101,516
Increase (decrease) in accounts payable	(3,026)	41	(5,676)
(Increase) in due from other funds	-	(3,601)	-
Increase in due to other funds	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ (137,084)</b></u>	<u><b>\$ 7,764</b></u>	<u><b>\$ (24,579)</b></u>

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
\$ 161,331	\$ 1,500,994	\$ -	\$ 1,265
-	-	-	526
(60,756)	(1,612,074)	(80,536)	55,146
100,575	(111,080)	(80,536)	56,937
-	250,000	80,536	-
-	-	-	(337,053)
-0-	250,000	80,536	(337,053)
-	-	-	-
-	-	-	-
-	-	-	-
-0-	-0-	-0-	-0-
-	-	-	26,765
-	-	-	683,780
-	-	-	(1,005,638)
-0-	-0-	-0-	(295,093)
100,575	138,920	-0-	(575,209)
288,763	-	-	1,421,966
\$ 389,338	\$ 138,920	\$ -0-	\$ 846,757
\$ 100,145	\$ (111,080)	\$ (80,536)	\$ 51,911
-	-	-	-
430	-	-	526
-	-	-	-
-	-	-	4,500
\$ 100,575	\$ (111,080)	\$ (80,536)	\$ 56,937

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2004

	Life Insurance	Retirement	Dental and Optical
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 18,574	\$ 1,021,073	\$ 74,029
Cash paid to suppliers	-	-	-
Cash paid for employee benefits	(20,591)	(865,560)	(147,832)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(2,017)	155,513	(73,803)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	2,017	-	-
Transfers out	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	2,017	-0-	-0-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments of borrowing	-	-	-
Sale of capital assets	-	-	-
Purchase of capital assets	-	-	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-0-	-0-	-0-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	-	-	-
Maturity of investments	-	-	-
Purchase of investments	-	-	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	-0-	-0-	-0-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-0-	155,513	(73,803)
Cash and cash equivalents, beginning of year	-	195,869	36,224
Cash and cash equivalents, end of year	<u>\$ -0-</u>	<u>\$ 351,382</u>	<u>\$ (37,579)</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (2,017)	\$ 155,513	\$ (5,574)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
Increase (decrease) in accounts payable	-	-	-
(Increase) in due from other funds	-	-	(74,029)
Increase in due to other funds	-	-	5,800
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (2,017)</u>	<u>\$ 155,513</u>	<u>\$ (73,803)</u>

<u>Unemployment</u>	<u>Total</u>
\$ 11,280	\$ 2,841,505
-	(206,332)
<u>(10,903)</u>	<u>(2,743,106)</u>
377	(107,933)
4,500	946,340
<u>-</u>	<u>(337,053)</u>
4,500	609,287
-	(52,645)
-	13,000
<u>-</u>	<u>(136,491)</u>
-0-	(176,136)
-	26,765
-	683,780
<u>-</u>	<u>(1,005,638)</u>
<u>-0-</u>	<u>(295,093)</u>
4,877	30,125
<u>391</u>	<u>2,138,059</u>
<u>\$ 5,268</u>	<u>\$ 2,168,184</u>
\$ 377	\$ (196,048)
-	163,150
-	(7,705)
-	(77,630)
<u>-</u>	<u>10,300</u>
<u>\$ 377</u>	<u>\$ (107,933)</u>

Barry County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2004

	Trust and Agency	Library	Inmate Trust	Total
ASSETS				
Cash and cash equivalents	\$ 1,938,380	\$ 62,645	\$ 9,077	\$ 2,010,102
Due from other funds	-	-	3,924	3,924
TOTAL ASSETS	<u>\$ 1,938,380</u>	<u>\$ 62,645</u>	<u>\$ 13,001</u>	<u>\$ 2,014,026</u>
LIABILITIES				
Accounts payable	\$ 43,006	\$ -	\$ -	\$ 43,006
Undistributed collections payable	1,492,653	62,645	-	1,555,298
Advances from other funds	-	-	1,000	1,000
Due to other governmental units				
Federal/State	204,115	-	-	204,115
Due to individuals and agencies	<u>198,606</u>	<u>-</u>	<u>12,001</u>	<u>210,607</u>
TOTAL LIABILITIES	<u>\$ 1,938,380</u>	<u>\$ 62,645</u>	<u>\$ 13,001</u>	<u>\$ 2,014,026</u>

Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2004

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ASSETS				
Cash and cash equivalents	\$ (801)	\$ 7,438	\$ 12,724	\$ 19,361
Accounts receivable	<u>6,874</u>	<u>-</u>	<u>-</u>	<u>6,874</u>
TOTAL ASSETS	<u>\$ 6,073</u>	<u>\$ 7,438</u>	<u>\$ 12,724</u>	<u>\$ 26,235</u>
NET ASSETS				
Held in trust for private purposes	<u>\$ 6,073</u>	<u>\$ 7,438</u>	<u>\$ 12,724</u>	<u>\$ 26,235</u>

Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2004

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ADDITIONS				
Intergovernmental - local	\$ 28,193	\$ -	\$ 33,319	\$ 61,512
DEDUCTIONS				
General government	29,968	-	31,390	61,358
CHANGE IN NET ASSETS	(1,775)	-0-	1,929	154
Net assets, beginning of year	7,848	7,438	10,795	26,081
Net assets, end of year	<u>\$ 6,073</u>	<u>\$ 7,438</u>	<u>\$ 12,724</u>	<u>\$ 26,235</u>



Barry County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2004

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 4,099	\$ 193,813	\$ (28,472)
Investments	-	20,000	-
Special assessments receivable	110,373	10,768	-
Due from other funds	150,478	-	72,557
TOTAL ASSETS	<u>\$ 264,950</u>	<u>\$ 224,581</u>	<u>\$ 44,085</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Deferred revenue	\$ 66,551	\$ -	\$ -
Advances from primary government	-	-	44,085
Due to other funds	-	223,035	-
TOTAL LIABILITIES	66,551	223,035	44,085
FUND BALANCES			
Reserved for debt service	198,399	-	-
Unreserved, designated for capital expenditures	-	1,546	-
TOTAL FUND BALANCES	198,399	1,546	-0-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 264,950</u>	<u>\$ 224,581</u>	<u>\$ 44,085</u>

<u>Projects</u>	
Revolving	
Drain	
Maintenance	<u>Total</u>
\$ 9,343	\$ 178,783
-	20,000
-	121,141
-	223,035
<u>\$ 9,343</u>	<u>\$ 542,959</u>

\$ -	\$ 66,551
-	44,085
-	223,035

-0- 333,671

-	198,399
9,343	10,889

9,343	209,288
-------	---------

<u>\$ 9,343</u>	<u>\$ 542,959</u>
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Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2004

**Total fund balance - governmental funds** \$ 209,288

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	1,982,937	
Accumulated depreciation is	<u>(642,535)</u>	
Capital assets, net		1,340,402

Long-term receivables are not available to pay for current period expenditures  
and are therefore deferred in the funds. These consist of:

Deferred revenue	66,551
------------------	--------

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Bonds and loans payable	110,417	
Accrued interest payable	<u>974</u>	
		<u>(111,391)</u>

**Net assets of governmental activities** \$ 1,504,850

## Barry County, Michigan

## Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DRAINAGE DISTRICTS

Year Ended December 31, 2004

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
REVENUES			
Interest	\$ -	\$ 1,043	\$ -
Other			
Special assessments	67,198	26,814	-
TOTAL REVENUES	67,198	27,857	-0-
EXPENDITURES			
Current			
Public works	802	38,901	-
Debt service			
Principal	42,101	-	-
Interest and fiscal charges	7,700	-	-
TOTAL EXPENDITURES	50,603	38,901	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,595	(11,044)	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	49,803	-	-
Operating transfers out	-	(49,803)	-
TOTAL OTHER FINANCING SOURCES (USES)	49,803	(49,803)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	66,398	(60,847)	-0-
Fund balances, beginning of year	132,001	62,393	-
Fund balances, end of year	\$ 198,399	\$ 1,546	\$ -0-

<u>Projects Revolving Drain Maintenance</u>	<u>Total</u>
\$ 106	\$ 1,149
-	94,012
106	95,161
-	39,703
-	42,101
-	7,700
-0-	89,504
106	5,657
-	49,803
-	(49,803)
-0-	-0-
106	5,657
9,237	203,631
<u>\$ 9,343</u>	<u>\$ 209,288</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2004

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>5,657</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense	(35,166)
----------------------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Deferred revenue	(31,600)
------------------	----------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond and note principal retirement	42,101
------------------------------------	--------

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>1,388</u>
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<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>(17,620)</u></b>
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## Barry County, Michigan

## Component Unit Funds

## COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS

December 31, 2004

	Debt		
	Duncan Lake Sewer	Gun Lake Sewer	Southwest Barry County Sewer
ASSETS			
Cash and cash equivalents	\$ 679	\$ 2,100	\$ -0-
Investments	-	-	-
Interest receivable	-	-	-
Due from other governmental units - State	-	-	-
TOTAL ASSETS	<u>\$ 679</u>	<u>\$ 2,100</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
FUND BALANCES			
Reserved for debt service	679	2,100	-
Unreserved, designated for capital expenditures	-	-	-
TOTAL FUND BALANCES	<u>679</u>	<u>2,100</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 679</u>	<u>\$ 2,100</u>	<u>\$ -0-</u>

Service					
Southwest Barry/Fair Lake Sewer	Freeport Water Supply System	1994 Middleville Sewer	1999 Middleville Sewer	2004 Southwest Barry County Sewer	2003 Middleville Sewer
\$ 321	\$ 255	\$ 50	\$ 249	\$ 475	\$ 918
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 321</u>	<u>\$ 255</u>	<u>\$ 50</u>	<u>\$ 249</u>	<u>\$ 475</u>	<u>\$ 918</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	255	50	249	475	918
-	-	-	-	-	-
<u>321</u>	<u>255</u>	<u>50</u>	<u>249</u>	<u>475</u>	<u>918</u>
<u>\$ 321</u>	<u>\$ 255</u>	<u>\$ 50</u>	<u>\$ 249</u>	<u>\$ 475</u>	<u>\$ 918</u>



## Barry County, Michigan

## Component Unit Funds

## COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS - CONTINUED

December 31, 2004

	Debt Service	Capital	
	Yankee Springs Debt	Yankee Springs Water Tower	Freeport Water Supply System
ASSETS			
Cash and cash equivalents	\$ -	\$ 162	\$ 1,046
Investments	-	-	-
Interest receivable	-	-	-
Due from other governmental units - State	-	53,031	-
TOTAL ASSETS	<u>\$ -0-</u>	<u>\$ 53,193</u>	<u>\$ 1,046</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 53,135	\$ -
FUND BALANCES			
Reserved for debt service	-	-	-
Unreserved, designated for capital expenditures	-	58	1,046
TOTAL FUND BALANCES	<u>-0-</u>	<u>58</u>	<u>1,046</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -0-</u>	<u>\$ 53,193</u>	<u>\$ 1,046</u>

Projects		
1999 Middleville Construction	Gun Lake Weed Assessment	Total
\$ -	\$ 26,602	\$ 32,857
186,977	-	186,977
781	-	781
-	-	53,031
<u>\$ 187,758</u>	<u>\$ 26,602</u>	<u>\$ 273,646</u>

\$ - \$ - \$ 53,135

-	-	5,047
<u>187,758</u>	<u>26,602</u>	<u>215,464</u>
<u>187,758</u>	<u>26,602</u>	<u>220,511</u>
<u>\$ 187,758</u>	<u>\$ 26,602</u>	<u>\$ 273,646</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - BOARD OF PUBLIC WORKS

December 31, 2004

<b>Total fund balance - governmental funds</b>		<b>\$</b>	<b>220,511</b>
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Amounts reported for the governmental activities in the statement of net assets are different because:

Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds.  
Long-term receivables at year-end consist of:

Lease receivable			8,891,791
------------------	--	--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Accrued interest payable	44,923		
Bonds payable	8,846,868		
			<u>(8,891,791)</u>

<b>Net assets of governmental activities</b>		<b>\$</b>	<b>220,511</b>
--	--	-----------	----------------

## Barry County, Michigan

## Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2004

	Debt		
	Duncan Lake Sewer	Gun Lake Sewer	Southwest Barry County Sewer
REVENUES			
Intergovernmental - Federal/State	\$ -	\$ -	\$ -
Intergovernmental - local	-	-	887,638
Special assessments	-	-	-
Interest	-	-	946
TOTAL REVENUES	-0-	-0-	888,584
EXPENDITURES			
Current			
Public works	-	-	4,289
Debt service			
Principal	-	-	750,000
Interest and fiscal charges	-	-	138,163
TOTAL EXPENDITURES	-0-	-0-	892,452
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	(3,868)
OTHER FINANCING SOURCES (USES)			
Payments to escrow agent	-	-	(4,598,500)
Bond issuance costs	-	-	(66,500)
Bond proceeds	-	-	4,665,000
TOTAL OTHER FINANCING SOURCES	-0-	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-0-	-0-	(3,868)
Fund balances, beginning of year	679	2,100	3,868
Fund balances, end of year	\$ 679	\$ 2,100	\$ -0-

Service					
Southwest Barry/Fair Lake Sewer	Freeport Water Supply System	1994 Middleville Sewer	1999 Middleville Sewer	2004 Southwest Barry County Sewer	2003 Middleville Sewer
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94,493	-	162,145	92,625	67,990	63,406
-	-	-	-	-	-
103	-	28	234	54	53
94,596	-0-	162,173	92,859	68,044	63,459
-	-	-	-	-	-
55,000	-	125,000	50,000	-	35,000
39,793	-	38,189	42,925	67,569	27,541
94,793	-0-	163,189	92,925	67,569	62,541
(197)	-0-	(1,016)	(66)	475	918
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
(197)	-0-	(1,016)	(66)	475	918
518	255	1,066	315	-	-
\$ 321	\$ 255	\$ 50	\$ 249	\$ 475	\$ 918

## Barry County, Michigan

## Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2004

	Debt Service	Capital	
	Yankee Springs Debt	Yankee Springs Water Tower	Freeport Water Supply System
REVENUES			
Intergovernmental - Federal/State	\$ 3,183	\$ -	\$ -
Intergovernmental - local	-	-	-
Special assessments	-	-	-
Interest	-	58	-
TOTAL REVENUES	3,183	58	-0-
EXPENDITURES			
Current			
Public works	3,183	446,090	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	3,183	446,090	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(446,032)	-0-
OTHER FINANCING SOURCES (USES)			
Payments to escrow agent	-	-	-
Bond issuance costs	-	-	-
Bond proceeds	-	446,090	-
TOTAL OTHER FINANCING SOURCES	-0-	446,090	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-0-	58	-0-
Fund balances, beginning of year	-	-	1,046
Fund balances, end of year	\$ -0-	\$ 58	\$ 1,046

Projects		
1999 Middleville Construction	Gun Lake Weed Assessment	Total
\$ -	\$ -	\$ 3,183
-	-	1,368,297
-	149,464	149,464
2,571	-	4,047
2,571	149,464	1,524,991
-	122,862	576,424
-	-	1,015,000
-	-	354,180
-0-	122,862	1,945,604
2,571	26,602	(420,613)
-	-	(4,598,500)
-	-	(66,500)
-	-	5,111,090
-0-	-0-	446,090
2,571	26,602	25,477
185,187	-	195,034
<u>\$ 187,758</u>	<u>\$ 26,602</u>	<u>\$ 220,511</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2004

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>25,477</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement	5,865,000	
Bond proceeds	<u>(5,111,090)</u>	
		753,910

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in lease receivable	(782,297)	
Decrease in accrued interest payable	<u>28,387</u>	
		<u>(753,910)</u>

<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>25,477</u></u></b>
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Barry County, Michigan

Component Unit Funds

BALANCE SHEET - ECONOMIC DEVELOPMENT

December 31, 2004

	Special Revenue
ASSETS	
Cash and cash equivalents	<u>\$        56,666</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$                -
FUND BALANCE	
Unreserved	
Undesignated - reported in special revenue fund	<u>56,666</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$        56,666</u>

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2004.

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ECONOMIC DEVELOPMENT

Year Ended December 31, 2004

	<u>Special Revenue</u>
REVENUES	
Contributions from other governmental units	\$ 60,000
EXPENDITURES	
Current	
Community and economic development	<u>94,000</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(34,000)
Fund balance, beginning of year	<u>90,666</u>
Fund balance, end of year	<u><u>\$ 56,666</u></u>

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2004.

Barry County, Michigan

Component Unit Funds

BALANCE SHEET - AIRPORT COMMISSION

December 31, 2004

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	\$ 6,202
Accounts receivable	1,738
Due from other governmental units - State	65,906
Prepays	<u>294</u>
TOTAL ASSETS	<u>\$ 74,140</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 1,320
FUND BALANCE	
Reserved for prepaids	294
Reserved for capital improvements	<u>72,526</u>
TOTAL FUND BALANCE	<u>72,820</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 74,140</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - AIRPORT COMMISSION

December 31, 2004

**Total fund balance - governmental fund** **\$ 72,820**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	2,626,513	
Accumulated depreciation is	<u>(1,663,673)</u>	
Capital assets, net		962,840

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Accrued interest payable	1,286	
Loan payable	<u>74,565</u>	
		<u>(75,851)</u>

**Net assets of governmental activities** **\$ 959,809**

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - AIRPORT COMMISSION

Year Ended December 31, 2004

	Special Revenue
REVENUES	
Intergovernmental - Federal/State	\$ 65,906
Intergovernmental - local	61,222
Charges for services	7,710
Other	<u>4,116</u>
TOTAL REVENUES	138,954
EXPENDITURES	
Current	
Public works	73,939
Debt service	
Principal	8,862
Interest	<u>3,838</u>
TOTAL EXPENDITURES	<u>86,639</u>
EXCESS OF REVENUES OVER EXPENDITURES	52,315
Fund balance, beginning of year	<u>20,505</u>
Fund balance, end of year	<u><u>\$ 72,820</u></u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES - AIRPORT COMMISSION

Year Ended December 31, 2004

**Net change in fund balance - governmental fund** \$ 52,315

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	48,313	
Depreciation expense	<u>(125,001)</u>	(76,688)

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Loan principal retirement	8,862
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>153</u>
--------------------------------------	------------

**Change in net assets of governmental activities** \$ (15,358)

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA

Karen A. Roka, CPA  
James A. Huguelet, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA  
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

Member:  
American Institute of  
Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
Barry County  
Hastings, Michigan

We have audited the basic financial statements of Barry County as of and for the year ended December 31, 2004, and have issued our report thereon dated March 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

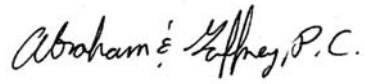
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barry County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barry County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the administration and Board of Commissioners of Barry County, the pass-through grantors, and the Federal award agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 24, 2005



**Barry County, Michigan**

**SUPPLEMENTARY INFORMATION  
TO FINANCIAL STATEMENTS  
(FEDERAL AWARDS)**

**December 31, 2004**

Barry County, Michigan

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Principals

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Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

Compliance

We have audited the compliance of Barry County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to the major Federal program for the year ended December 31, 2004. Barry County's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to the major Federal programs are the responsibility of Barry County's management. Our responsibility is to express an opinion on Barry County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major Federal programs occurred. An audit includes examining, on a test basis, evidence about Barry County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Barry County's compliance with those requirements.

In our opinion, Barry County complied, in all material respects, with the requirements referred to above that are applicable to the major Federal programs for the year ending December 31, 2004.

Internal Control Over Compliance

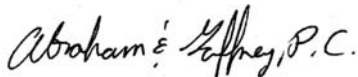
The management of Barry County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Barry County's internal control over compliance with requirements that could have a direct and material effect on the major Federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one (1) or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major Federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County as of and for the year ended December 31, 2004, and have issued our report thereon dated March 24, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Barry County's basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners and management of Barry County, the pass-through grantors, and the Federal awarding agencies and is not intended to be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 24, 2005

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE					
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging Title IIIC	10.550				
Food Donation		04BCCOA1	\$ 44,658	\$ 11,650	\$ 29,413
Food Donation		05BCCOA1	<u>27,729</u>	<u>-</u>	<u>9,119</u>
			72,387	11,650	38,532
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through Michigan State Housing Development Authority Community Development Block Grant (CDBG) Program States Program 03/04 (Housing)	14.228	MSC-2003-769-HOA	250,000	191,918	58,082
Home Investment Partnerships Program 02/04 Home <sup>(d)</sup>	14.239	M-2001-769	250,000	-	96,338
U.S. DEPARTMENT OF JUSTICE					
Office of Community Oriented Policing Services (COPS) (Direct Programs) COPS FAST (98-04)	16.710	1998CMWX1259	22,692	14,357	2,318
Passed through Michigan Family Independence Agency Juvenile Accountability 2003 Grant	16.523	JAIBG0308001	6,854	2,554	2,477
2004 Grant		JAIBG0408001	<u>6,854</u>	<u>-</u>	<u>6,845</u>
			13,708	2,554	9,322
Basic Grant	16.540				
2003 Grant		N/A	15,000	14,102	898
2004 Grant		N/A	<u>15,000</u>	<u>-</u>	<u>15,000</u>
			30,000	14,102	15,898

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF JUSTICE - CONTINUED					
The Drug Control and System Improvement Grant Program					
Passed through State Department of Community Health					
and the State Office of Drug Control Policy					
Byrne Formula Grant Program	16.579				
2004 Sheriff Equipment		2003DBBX0049	\$ 12,750	\$ -	\$ 12,750
03/04 Juvenile Drug Court		9XDBV0026	89,520	19,381	52,636
04/05 Juvenile Drug Court		2004DBBX0052	77,555	-	12,477
2004 Adult Drug Court		SCAO2004-38	80,000	-	36,295
04/05 Adult Drug Court		SCAO05-042	<u>110,000</u>	<u>-</u>	<u>24,325</u>
			369,825	19,381	138,483
Local Law Enforcement Block Grants	16.592				
03/04 Drug Courts		72049-2-03-B	56,000	6,237	42,525
2004 Sheriff Equipment		2004-LB-BX-0863	<u>10,000</u>	<u>-</u>	<u>10,000</u>
			66,000	6,237	52,525
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Passed through the Michigan Department					
of Environmental Quality					
Drinking Water State Revolving Funds <sup>(d)</sup>	66.468	N/A	650,000	121,197	254,023
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through State Department of Office on Services					
to the Aging and Region III-B Area Agency on Aging					
Title III-B Special Programs for the Aging <sup>(a)</sup>	93.044				
Grants for Supportive Services and Senior Centers					
FY 03/04		04BCCOA1	28,000	7,014	16,029
FY 04/05		05BCCOA1	<u>16,000</u>	<u>-</u>	<u>6,453</u>
			44,000	7,014	22,482

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED					
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging - continued					
Title III-C Special Programs for the Aging <sup>(a)</sup>	93.045				
FY 03/04 Nutrition Congregate		04BCCOA1	\$ 41,072	\$ 10,171	\$ 38,921
FY 04/05 Nutrition Congregate		05BCCOA1	60,363	-	14,007
FY 03/04 Nutrition Home Delivered Meals		04BCCOA1	45,892	9,023	26,576
FY 04/05 Nutrition Home Delivered Meals		05BCCOA1	<u>58,080</u>	<u>-</u>	<u>36,614</u>
			205,407	19,194	116,118
Passed through Michigan Family Independence Agency Child Support Enforcement (Title IV-D) <sup>(d)</sup>	93.563				
Cooperative Reimbursement - Friend of the Court <sup>(b)</sup>					
03/04		CS/FOC-04-08001	575,458	111,772	352,841
04/05		CS/FOC-05-08001	654,122	-	120,184
Cooperative Reimbursement - Prosecuting Attorney <sup>(b)</sup>					
03/04		CS/PA-04-08002	40,578	7,687	27,293
04/05		CS/PA-05-08002	44,973	-	8,096
Medical Support Collection - Friend of the Court <sup>(b)</sup>					
FY 03/04		CS/MED-04-08001	14,885	2,637	7,174
FY 04/05		CS/MED-05-08001	14,885	-	3,248
Incentive Payments <sup>(c)</sup>					
2004 Regular		N/A	<u>187,679</u>	<u>-</u>	<u>187,679</u>
			1,532,580	122,096	706,515
Title IV-E (WRAP Program)					
03/05	93.558	WRAP-04-08001	109,947	19,109	62,593
03/05	93.556	WRAP-04-08001	24,957	-	8,317

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED					
Passed through Bureau of Substance Abuse Services and Region 9 Substance Coordinating Agency <sup>(e) (f)</sup>					
03/04 Substance Abuse Services	93.959	N/A	\$ 221,220	\$ -	\$ 221,220
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through Michigan State Police					
State Homeland Security	97.004				
2003 SHSGP-SAP		N/A	7,635	-	7,635
2003 SHSGP - Exercise Grant		N/A	12,000	-	10,112
2003 SHSGP - CBRNE Equipment		N/A	60,600	-	60,523
2004 SHSGP - CBRNE		N/A	308,016	-	162,151
2004 SHSGP - Training Part II		N/A	<u>1,266</u>	<u>-</u>	<u>1,266</u>
			389,517	-0-	241,687
Emergency Management Performance Grant	97.042				
FY04 Regular		N/A	24,337	-	13,909
Emergency Operations Planning	97.051				
2002 Supplemental Planning		N/A	<u>12,590</u>	<u>-</u>	<u>12,590</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,289,167</u>	<u>\$ 548,809</u>	<u>\$ 2,070,952</u>



NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2004

**NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Barry County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Barry County Road Commission, Barry County Transit, and Barry County Medical Care Facility are excluded from the accompanying Schedule of Expenditures of Federal Awards. These component units are audited by other auditors with reports issued under separate covers. Single Audits, where applicable, were conducted by those other auditors and included in the applicable reports. To view copies of those reports contact the respective administrative offices of the component units or the Barry County Administrators office.

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a)-(f) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Programs considered a cluster by the U.S. Department of Health and Human Services.
- (b) Reimbursements of these contracts are passed through the State Family Independence Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of total contract expenditures.
- (c) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.
- (d) Denotes programs tested as "major programs".
- (e) Reimbursement of this contract is passed through the Michigan Department of Community Health, Bureau of Substance Abuse Services, and Region 9 Substance Abuse Coordinating Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 75% of total contract expenditures for primary prevention and 75% of total contract expenditures for treatment activities and 100% of total contract expenditures for women's specialty and women's specialty case management.
- (f) This program is reported as of the fiscal year-end of September 30, 2004.

## Barry County, Michigan

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2004

**NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following reconciles the Federal revenues reported in the December 31, 2004, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	<u>Federal/ State Revenue</u>	<u>Adjustments</u>	<u>Less State Revenue</u>	<u>Federal Expenditures</u>
<b>PRIMARY GOVERNMENT</b>				
<b>GENERAL FUND</b>				
CRP - Prosecuting Attorney	\$ 36,715	\$ -	\$( 1,326 )	\$ 35,389
CRP - Friend of the Court	500,956	-	( 27,931 )	473,025
CRP - Medical	15,792	-	( 5,370 )	10,422
Community Oriented Policing	2,318	-	-	2,318
Sheriff equipment	22,750	-	-	22,750
ADC Maintenance Assistance	187,679	-	-	187,679
Emergency Management	188,650	-	-	188,650
Exercise Grant	10,112	-	-	10,112
Training Grant	1,266	-	-	1,266
SAP Grant	7,635	-	-	7,635
Equipment Grant	60,523	-	-	60,523
Other Programs	<u>1,225,231</u>	<u>-</u>	<u>( 1,225,231 )</u>	<u>-0-</u>
<b>TOTAL GENERAL FUND</b>	<b>2,259,627</b>	<b>-0-</b>	<b>( 1,259,858 )</b>	<b>999,769</b>
<b>SPECIAL REVENUE FUNDS</b>				
Substance Abuse	277,910	-	( 56,690 )	221,220
MSHDA - HOME Program	96,338	-	-	96,338
Commission on Aging	337,795	-	( 160,663 )	177,132
CDBG - Housing	58,082	-	-	58,082
Child Care Probate	379,958	-	( 283,828 )	96,130
Adult Drug Court	200,172	-	( 97,027 )	103,145
Juvenile Drug Court	114,049	-	( 48,936 )	65,113
Other Programs	<u>449,530</u>	<u>-</u>	<u>( 449,530 )</u>	<u>-0-</u>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>1,913,834</b>	<b>-0-</b>	<b>( 1,096,674 )</b>	<b>817,160</b>
<b>COMPONENT UNIT FUNDS</b>				
Yankee Springs Water Tower	<u>-</u>	<u>446,090<sup>(1)</sup></u>	<u>( 192,067 )</u>	<u>254,023</u>
	<u>\$ 4,173,461</u>	<u>\$ 446,090</u>	<u>\$( 2,548,599 )</u>	<u>\$ 2,070,952</u>

- (1) The adjustment related to the Board of Public Works Capital Projects (Yankee Springs Water Tower) Fund represents U.S. Environmental Protection Agency loan proceeds which are reported in the financial statements as other financing sources in accordance with accounting principles generally accepted in the United States of America (GAAP). These funds were recognized in the Schedule of Expenditures of Federal Awards as of December 31, 2004 as required by the U.S. Environmental Protection Agency.

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA

Karen A. Roka, CPA  
James A. Huguelet, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA  
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

Member:  
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Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the financial statements of Barry County, Michigan as of and for the year ended December 31, 2004, and have issued our report thereon dated March 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

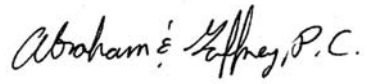
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barry County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Board of Commissioners and management of Barry County, pass-through grantors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 24, 2005

Barry County, Michigan

SCHEDULE OF FINDINGS

Year Ended December 31, 2004

SUMMARY OF AUDITOR'S RESULTS

An unqualified opinion was issued on the basic financial statements. We noted no instances of noncompliance with laws, regulations, contracts and grants that could have a direct and material affect on the basic financial statements. The County did not qualify as a low-risk auditee.

An unqualified opinion was issued on compliance for major programs. We did not disclose any findings related to internal controls or compliance related to the major programs tested.

The major programs tested to cover 50 percent of the total Federal expenditures were the Child Support Enforcement (Title IV-D) (CFDA 93.563), the Drinking Water State Revolving Funds (CFDA 66.468), and the Home Investment Partnerships Program (CFDA 14.239) programs. Total Federal expenditures for the year ended December 31, 2004 for the major programs were \$1,056,876, which is approximately 51 percent of total Federal expenditures.

The County had one (1) Type A program, the Child Support Enforcement Program (Title IV-D) (CFDA 93.563). Programs of less than \$300,000 were determined to be Type B programs.

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Control Over the Financial Statements.

None

Findings Related to Compliance with Requirements Related to the Financial Statements.

None

Findings Related to Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

None

Barry County, Michigan

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2004

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Controls Over the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.

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MANAGEMENT LETTER

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of Barry County, Michigan for the year ended December 31, 2004. In connection with the audit, we feel that certain changes in your accounting procedures would be helpful in improving management's control and the operational efficiency of the accounting functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. Cash adjustments should be completed in a timely manner.

During our analysis of the County's cash balances, we noted that the County had not adjusted the general ledger balances of some trust and agency cash accounts to agree with the bank reconciliations prepared by the departments (i.e., District Court, Friend of the Court).

We suggest that bank reconciliations be reviewed and all cash balances be reconciled to the general ledger on a monthly basis to ensure the accuracy of the general ledger system.

2. Budgets should be adopted for all funds and monitored and amended when necessary.

As noted in the annual financial statements, some of the budgeted activities of the County exceeded the amounts appropriated. The variances noted were in the General and Special Revenue Funds. This issue had been noted and reported in our audit comments last year.

The Michigan Public Act 621 of 1978, as amended, provides that the County shall not incur expenditures in excess of the amounts appropriated.

We suggest the County monitor expenditures against the adopted budget on a periodic basis, preferably monthly. Appropriate budget amendments should be made as needed.

3. Reports generated by capital asset software should agree to the financial statements.

During our analysis of the County's capital assets, we noted that the reports provided from the County's capital asset software did not agree to the prior year financial statements. Cost information for several assets changed and book value was calculated incorrectly for several other assets. Additionally, the amounts on the report for current year depreciation contained expenses for the current year as well as past years and the subtotals did not match the ones that are presented in the audit. Overall, the report was very difficult to work with for audit purposes. We were provided with an electronic version of this report, which we used to summarize the assets into the required format for the financial statements.

We suggest that the County work with their software vendor to develop capital asset reports that may be used to reliably summarize the information required for the financial statements.

4. The County should evaluate the purpose and use of internal service funds.

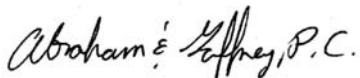
The County's financial statements report eleven (11) internal service funds that are currently in use. Our experience has shown that this is a relatively large number of internal service funds compared to similar governmental entities. The activity in these funds appears to be fragmented and inconsistent. Additionally, the operating purpose of each fund does not appear to be clear when we analyze the annual activity. While internal service funds can be a useful tool used to report the costs of certain types of activities, there should be a clear purpose and plan in place when using them.

We suggest that the County evaluate all internal service funds and determine if they are being used in accordance with the original intent of the fund. The County should then take the necessary actions to eliminate or consolidate the affected funds.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated March 24, 2005.

This report is intended solely for the use of management and the Board of Commissioners of Barry County and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 24, 2005